

FBIS

DAILY REPORT

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73D IPU CONFERENCE CONCLUDES IN LOME 31 MAR

PRC Delegate Denounces Vietnam

OW300800 Beijing XINHUA in English 0747 GMT 30 Mar 85

[Text] Lome, March 29 (XINHUA) -- A member of the Chinese delegation of the National People's Congress today strongly condemned Vietnam for its aggression against Kampuchea and demanded the withdrawal of all Vietnamese troops from that country.

Speaking at today's meeting of the 73rd Conference of the Inter-Parliamentary Union, Huang Zhigang said Vietnamese aggression has forced the Kampuchean people to leave their homes and become refugees. They survive only because of international aid, he said. Thailand, he continued, has made positive contributions to the preservation of peace and stability in Southeast Asia by waging heroic struggles against foreign invasions. Together with the countries of the Association of Southeast Asian Nations, the Thai Government has rendered support for the Coalition Government of Democratic Kampuchea, led by Norodom Sihanouk, and the salvation of the Kampuchean people.

Huang reiterated the Five Principles of Peaceful Coexistence put forward 30 years ago by China, India and Burma, and emphasized that the principles should become a general standard governing international relations. He said China regards peace and economic development as keystones of its domestic and foreign policies. China has firmly adhered to its independent foreign policy, never allied with any big power, resolutely opposed hegemony and strived for safeguarding world peace.

China, he affirmed, supports reasonable stands of the Latin American debtor nations in settling the debt problem. He said that to promote South-South cooperation, China is willing to do more work in expanding bilateral and multilateral economic cooperation. It will do so, he said, in light of the principles of equality and mutual benefit, stress on practical results, diversity in form and achievement of common progress.

PRC Delegate Hails Conference

OW311644 Beijing XINHUA in English 1635 GMT 31 Mar 85

[Text] Lome, March 31 (XINHUA) -- The Third World countries at the 73rd Conference of the Inter-Parliamentary Union (IPU) which closed here today have fully demonstrated their unity and combatant strength. This was said by Fu Hao, vice-chairman of the Foreign Affairs Committee of the Sixth National People's Congress of China and head of the Chinese delegation, in an interview with XINHUA at the end of the conference.

Hailing the conference as a reflection of the common will of people throughout the world, he noted that a number of important resolutions on current international problems of common interest had been adopted. "The resolution on the Middle-East problem has laid stress on the fact that the Palestine Liberation Organization is the sole legitimate representative of the Arab Palestinian people, and on the necessity of guaranteeing the Palestinian people their rights to self-determination and to establish their own independent state." He added that in response to the African groups' urgent demand, the conference adopted a special resolution strongly condemning the South African authorities' repression of the country's black majority.

In conclusion, Fu Hao expressed thanks to Togo's president, government, assembly and people for the warm hospitality accorded the Chinese delegation and for their efforts made to ensure the success of the conference.

WU XUEQIAN CONSIDERING MEETING WITH GROMYKO

OW291327 Tokyo KYODO in English 1245 GMT 29 Mar 85

[Text] Tokyo, March 29 KYODO -- China's Foreign Minister Wu Xueqian has reportedly said he was considering meeting his Soviet counterpart Andrey Gromyko.

Diplomatic sources here said Friday Wu was also considering promotion of sports and cultural exchanges between the two communist giants. The Chinese foreign minister revealed his ideas to Susumu Nikaido, deputy leader of Japan's ruling Liberal-Democratic party (LDP) in Beijing on Wednesday, the sources said.

CPSU DISCUSSES SINO-SOVIET ECONOMIC TIES

OW291646 Beijing XINHUA in English 1636 GMT 29 Mar 85

[Text] Moscow, March 28 (XINHUA) -- The further development of Sino-Soviet trade and economic ties was one of subjects discussed at a Soviet party regular Politburo meeting, TASS NEWS AGENCY reported today.

TASS said the meeting noted that increased trade between the Soviet Union and China would be yet another step in the direction of improving relations between the two countries. The meeting also reportedly discussed a series of Soviet domestic and diplomatic issues.

CPSU STRESSES OPEN CADRE SELECTION POLICY

OW310716 Beijing XINHUA in English 0650 GMT 31 Mar 85

[Text] Moscow, March 30 (XINHUA) -- A number of party and government leaders were dismissed recently in some Soviet socialist republics and regions as the Communist Party of the Soviet Union (CPSU) demanded an open policy in cadre selections.

The replacement of several supreme Soviet presidents and chairmen of the Council of Ministers, first party secretaries and ministers in some union republics suggested a notable step taken by Mikhail Gorbachev since he became general secretary of the CPSU.

Ukrainian party Central Committee recently denounced in name some leaders for their "lack of the sense of responsibility and their practice of old working method," and regarded them as unqualified for new tasks.

Practice of bribery, embezzlement, and favoritism in selecting cadres in some regions was revealed and attributed to the "abnormal" practice of choosing leaders in confidential meetings of the party committees.

NPC, CPPCC CHAIRMEN ON HONG KONG, TAIWAN ISSUES

OW291523 Beijing XINHUA Domestic Service in Chinese 1135 GMT 29 Mar 85

[By reporters Yang Jinzhou, Han Wuyan]

[Text] Beijing, 29 Mar (XINHUA) -- Peng Zhen, chairman of the NPC Standing Committee, and Deng Yingchao, chairman of the CPPCC National Committee, had a cordial meeting this morning in the Great Hall of the People with all the Hong Kong and Macao reporters who had come to Beijing to cover the current sessions of the NPC and the CPPCC National Committee. Peng Zhen and Deng Yingchao also answered their questions.

At the beginning of the meeting, Peng Zhen and Deng Yingchao welcomed the Hong Kong and Macao reporters and asked them to convey the cordial regards of the NPC and the CPPCC National Committee to our compatriots living in Hong Kong and Macao. Deng Yingchao said: There are our old friends as well as new friends among you reporters who have come to Beijing from Hong Kong and Macao to cover the current sessions. We are very pleased to meet you. We appreciate the hard work of our friends, the Hong Kong and Macao reporters, including those who have been here before and those who have not. In the past, you made many objective reports to the compatriots in Hong Kong and Macao, to Overseas Chinese, and to our friends of various countries on all fields of socialist construction carried out by the motherland. These reports were of vital significance, and I wish to thank you once again. Deng Yingchao added: "The NPC and the CPPCC are developing democracy to an ever fuller extent. It is hoped that you reporters will say freely what you want to say and give us your suggestions. We are very eager to hear the opinions of you young people."

A reporter asked about the possibility of any further revision of the joint declaration on the question of Hong Kong after it is examined, discussed, and approved by the current NPC session. Chairman Peng Zhen replied: Not a word in the joint declaration and its three annexes will be changed once they are examined, discussed, and approved by the NPC. In answer to other questions asked by the reporters, Peng Zhen said: In addition to examination, discussion, and approval of the Sino-British joint declaration, the current NPC session will discuss and decide on the establishment of a committee for drafting a basic law for Hong Kong. The composition of the drafting committee and other related details will be considered and decided upon by the NPC Standing Committee. As to whether residents in Hong Kong will be included in the drafting committee, he said: Can it manage without participation by Hong Kong residents?

Asked whether it was against the Constitution to establish Hong Kong as a special administrative region, Peng Zhen said that it does not contradict the Constitution. He said that Article 31 of the Constitution stipulates that "the state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by a law enacted by the National People's Congress in the light of the specific conditions"; and Article 62 of the Constitution says that the NPC "decides on the establishment of special administrative regions and the systems to be instituted there." These provisions have taken into account the realities in Taiwan and Hong Kong, which cannot adopt the same system as on the mainland. This is why the social and economic systems and the way of life in Hong Kong will remain unchanged. The Chinese mainland practices socialism and, according to Article 31 of the Constitution, Hong Kong can continue to practice capitalism and exercise a high degree of autonomy and Hong Kong will be administered by the Hong Kong people themselves.

Referring to the right to interpret the basic law of Hong Kong, Peng Zhen said that this question has not yet been discussed by the NPC or its Standing Committee, but he considers it proper that this right should rest with the NPC Standing Committee.

After this, Deng Yingchao made some remarks on the Taiwan question. She said that Hong Kong and Taiwan are two questions of a different nature. Taiwan is a question among our compatriots and involves no territorial sovereignty, while Hong Kong is an issue concerning the return of territorial sovereignty to China which was a pending question during our talks with Britain.

She said that as far as the internal affairs of our country are concerned, the principle of establishing special administrative regions is also applicable to Taiwan. We will give due consideration to the situation in Taiwan as shown in the 9-point proposal put forward some time before. The proposal takes care of the interests of all quarters in Taiwan, including those of foreign investors in that island province. He have been most magnanimous toward Taiwan, and we have always hoped for the reunification of the motherland through peace talks. But we cannot depend on just wishful thinking; the most important thing is for the two sides to come together. We hope Taiwan may send representatives to Beijing or elsewhere for the talks. We are ready to listen to their opinions.

Deng Yingchao urged the Hong Kong and Macao correspondents to act as envoys linking up the mainland and the island of Taiwan. She urged them to keep Taiwan constantly informed of the situation in the interior provinces and bring the voice of Taiwan compatriots to the mainland.

Present were NPC Standing Committee Vice Chairmen Chen Pixian, Peng Chong, and Wang Renzhong; and CPPCC National Committee Vice Chairmen Yang Jingren, Liu Lantao, Hu Ziang, and Qian Changzhao. Noted personages from Hong Kong and Macao Fei Yiming and Ma Wanqi were on hand. Also present was Xu Jiatusun, director of XINHUA's Hong Kong branch.

After the meeting, Chairman Peng Zhen hosted a luncheon for the Hong Kong and Macao correspondents.

JI PENGFEI ON FORMULATING HONG KONG BASIC LAW

OW271244 Beijing XINHUA in English 1205 GMT 27 Mar 85

[Text] Beijing, March 27 (XINHUA) -- Opinions will be gathered from a broad spectrum of Hong Kong residents to help formulate the basic law of the Hong Kong special administrative region, State Councillor Ji Pengfei told John Baptist Wu, bishop of the Catholic Diocese of Hong Kong, here today.

Specific methods of soliciting local opinion could only be decided after the basic law drafting committee was set up, said Ji, who heads the State Council's Hong Kong and Macao Affairs Office. The current National People's Congress session would discuss the law committee's establishment, he said, adding that the N.P.C. Standing Committee would decide its composition.

The state councillor also reiterated that Hong Kong would continue to enjoy freedom of religious belief. "You may remain the way you are in running church affairs, and in relations with the international community and Taiwan," Ji told Bishop Wu. Also present at the meeting in the Great Hall of the People were Ren Wuzhi, acting director of the Religious Affairs Bureau under the State Council, and Deputy Director of Hong Kong and Macao Affairs Office Li Hou.

Bishop Wu and his party arrived in Beijing Monday as guests of the Religious Affairs Bureau.

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PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

CHEN MUHUA MEETS WITH HONG KONG, MACAO REPORTERS

OW010603 Beijing XINHUA Domestic Service in Chinese 1153 GMT 31 Mar 85

[Text] Beijing, 31 Mar (XINHUA) -- At a meeting this morning with a group of reporters from Hong Kong and Macao who are here covering the third sessions of the Sixth NPC and the Sixth CPPCC National Committee, Chen Muhua, who became president of the People's Bank of China 6 days ago, said that she would work together with her banking colleagues to reform banking operations, changing the outmoded regulations and rules, and giving full scope to her bank's role in tightening overall control and in enlivening banking services. She said that this is an important aspect in ensuring the smooth progress of restructuring the state's economic system.

Briefing reporters on the foundations and roles of the People's Bank of China, State Councillor Chen Muhua said: The People's Bank of China's primary functions are to study and formulate banking principles, policies, rules and the basic system, which will be carried out with the approval of the State Council; controlling the issuance of currency and regulating the circulation of currency of the market; setting the interest and exchange rates of renminbi; mapping out the state's credit plan and controlling credit funds; controlling the state's foreign exchange and gold and silver reserves; acting as the state treasury; examining and approving the establishment, closure or merger of monetary institutions; coordinating and checking banking institutions' operation; controlling the money market; and taking part in international monetary activities on behalf of the Chinese Government.

On China's credit and foreign exchange reserves, Chen Muhua said bank deposits in 1984 increased by more than 64 billion yuan over the previous year and bank loans rose by more than 99 billion yuan, both the biggest since the founding of the republic. The efficient use of credit funds plays an important role in enlivening the economy, developing production, and promoting commodity circulation. She said the general situation of China's foreign exchange is satisfactory. The nation's foreign exchange reserves stood at \$14.42 billion by the end of 1984, a drop of \$2.254 billion from the figure of \$16.674 billion released in September. The main reason for the decrease in foreign exchange reserves was the record volume of imports. It is normal for foreign exchange reserves to rise and fall because they reflect the expansion of China's economic ties with other countries.

Chen Muhua said China's foreign exchange reserves mainly for the purpose of improving the nation's ability to pay. China enjoys a good reputation in the world for its honesty in paying debts. She said: "During my visits abroad as minister of foreign economic relations and trade, many foreign traders told me from time to time that they liked to do business with China, and that they could set their minds at ease when they invested in China." On the use of foreign exchange, Chen Muhua said China would do a good job in controlling its foreign exchange, but will use it in a flexible manner. China would use its foreign exchange to ensure the construction of key projects, such as energy and transport and the upgrading of existing enterprises.

She stressed: We stand for having one currency in our country. Circulation of foreign currencies is banned in China. Profiteering in selling foreign currencies is against the law. Various parts of the country have been taking measures to check these unhealthy tendencies. We will improve our control of foreign exchange and will take into account the people's needs. For example, we will make it easier for any individual to deposit and withdraw foreign exchange.

Responding to the question of what she will do to reform banking services after becoming the president of the People's Bank of China, Chen Muhua replied that since she has just taken over the bank, her first move would be to familiarize herself with its operation. Generally speaking, she said, the People's Bank of China will tighten overall control on money supply and credit, and will reform whatever must be reformed in accordance with the principle of reform -- "be firm and unshakable, be courteous in fighting the first battle, and be sure of victory." As a matter of fact, reform of banking services is already underway. For example, the People's Bank of China used to monopolize banking services. Now it is functioning as the central bank, and many specialized banks have been established. On the basis of previous experiences and keeping up with the needs of the new situation, control of credit funds and other banking services will be reformed.

Answering a question concerning the operation of foreign banks in China, Chen Muhua said many foreign banks have already set up their offices in China. She said foreign banks are permitted to set up branches or start joint ventures with Chinese banks in the special economic zones.

Chen Muhua also answered other questions raised by the reporters.

Present at the meeting were Liu Hongru, vice president of the People's Bank of China; Shang Ming, adviser to the bank; and leading members of the State Foreign Exchange Administration, the Bank of China, the People's Construction Bank of China, the People's Insurance Corporation of China, the Industrial and Commercial Bank of China, and the Agricultural Bank of China.

Yu Wen, deputy secretary general of the Third Session of the Sixth NPC, was also present.

MINISTRY OFFICIAL ON SRV 'TROOP WITHDRAWAL'

BK310630 Beijing in Cambodian to Cambodia 1030 GMT 30 Mar 85

[Text] In his meeting with a RENMIN RIBAO correspondent on the morning of 29 March, (Ba Cheyathovi), deputy chief of the Chinese Foreign Ministry's Information Department, said that the so-called partial troop withdrawal recently announced by Vietnam is only a rotation of troops to mislead world opinion.

He said that Vietnam has announced three troop withdrawals in the past. Vietnamese troops stationed at present in Cambodia have been increased by tens of thousands. In reality, the Vietnamese do not reduce their troops. He stated that this dry season offensive waged by Vietnam has been toughly counterattacked by Cambodian patriotic armed forces. The Vietnamese Army has been seriously affected. The so-called partial troop withdrawal is in fact a new troop rotation in order to continue their aggression in Cambodia. Concurrently, Vietnam launched its attacks on the camps of Cambodian resistance forces. Moreover, Vietnamese troops repeatedly violated Thai territory during their dry season offensive. Thus, Vietnam was condemned by justice-loving world opinion. Vietnam's maneuver on partial troop withdrawal is aimed at misleading world opinion.

He said that if Vietnam has the desire to withdraw its troops from Cambodia, it must withdraw all its troops and leave not a single soldier in Cambodia. This would be the real troop withdrawal.

RENMIN RIBAO Commentary

HK300745 Beijing RENMIN RIBAO in Chinese 30 Mar 85 p 6

[Short commentary: "The Old Deceptive Trick"]

[Text] Having launched violent strikes in Cambodia and on the Thai-Cambodia border, the Vietnamese authorities have suddenly adopted a peace-loving posture by saying that they will again carry out a so-called "partial withdrawal" from Cambodia.

The so-called "partial withdrawals" dished up by the Vietnamese authorities in recent years have long been proven fraudulent. They overtly withdraw some units while covertly transferring still more into Cambodia. In order to launch its massive dry-season offensive this year, the Vietnamese Army also sent more fresh units into the country. The Vietnamese Army of aggression in Cambodia has now occupied several camps of the Democratic Kampuchean resistance forces and has also sent troops to garrison them, thus adding to their burden. The shift of the Democratic Kampuchean resistance forces into the interior of the country and the launching of their guerilla war against the Vietnamese Army's lines of communications and command organs has placed the Vietnamese aggressor Army in a still more passive position in being unable to deal with the situation, so how could there be any talk of "partial withdrawal"? That the Vietnamese authorities' communique on troop withdrawal mentions neither the timing of the "withdrawal" nor the number of troops to be "withdrawn" indicates that this is an even more clumsy fraud than in the past few years.

World opinion universally holds that Vietnam's losses outweighed its gains during the dry-season offensive this year. In order to save face, it is yet again announcing a "partial withdrawal," to give the impression that as the Democratic Kampuchean resistance forces have suffered very heavy losses, there is no need to have so many Vietnamese aggressor troops in Cambodia now. However this is nothing but deception of oneself and others.

The so-called "partial withdrawals" of the Vietnamese authorities have always been closely coordinated with their moves for a so-called "political solution" of the Cambodia problem. This time is no exception. In the past few months, apart from launching a massive military offensive in Cambodia, the Vietnamese authorities have played all kinds of political tricks in a bid to split the Democratic Kampuchean resistance forces and the ASEAN countries and lure the international community into discarding the UN General Assembly resolutions and entering into dialogue with them. The announcement of a continued "partial withdrawal" is a measure adopted to demonstrate Vietnam's "sincerity."

However, no matter how many times a deceptive trick is played, nobody will believe it. This is the fourth time the Vietnamese authorities have played the trick of "partial withdrawal." and it is not at all surprising that the interest of the international community still cannot be aroused.

ZHAO GREETES GANDHI ON ANNIVERSARY MARKING TIES

OW310057 Beijing XINHUA in English 0044 GMT 31 Mar 85

[Text] Beijing, March 31, (XINHUA) -- On the eve of the 35th anniversary of the establishment of Sino-Indian diplomatic relations (April 1, 1950), Chinese Premier Zhao Ziyang and Indian Prime Minister Rajiv Gandhi exchanged messages of greetings between them and expressed the hope to carry forward these relations.

In his message to Prime Minister Rajiv Gandhi on March 30, Zhao Ziyang said: "China and India are friendly neighbours, and the friendship between the Chinese and Indian peoples is deep-rooted. India is one of the first countries to establish diplomatic relations with the People's Republic of China. The establishment of Sino-Indian diplomatic relations has opened a new chapter in the annals of Sino-Indian relations. The Five Principles of Peaceful Coexistence initiated jointly by the late Premier Zhou Enlai and the late Prime Minister Jawaharlal Nehru have become not only a good foundation for the development of Sino-Indian friendly and good-neighbourly relations but also basic norms governing relations between states, thus playing a major role in the current international affairs."

Premier Zhao went on to say: "I am pleased to note that in recent years marked improvement and progress have been made in the relations between our two countries, thanks to our joint efforts. Both China and India are big countries in Asia and the world. For China and India to be friendly with each other not only conforms to the fundamental interests of our two peoples, but also is an important factor making for peace in Asia and the world. The Chinese Government and people attach great importance to friendly relations and cooperation with India and would like to work together with your country towards restoring Sino-Indian relations to the level comparable to that of the 1950s."

"I am deeply convinced that in the days to come, Sino-Indian relations in the political, economic, cultural and scientific and technological fields will grow in strength continuously, and the outstanding issues between our two countries are sure to be resolved."

In his message to Zhao Ziyang, Rajiv Gandhi said: "China and India are neighbours and both are developing countries with large populations and great future potential. In the immense and varied tasks that we face, there are many areas in which we can cooperate to our mutual benefit." He said: "It is our earnest hope that through our joint efforts all outstanding problems between us can be solved, consistent with the Five Principles of Peaceful Coexistence, thereby enabling our two peoples to resume and consolidate their longstanding historical ties."

HUANG HUA AT FETE TO MARK SINO-INDIAN RELATIONS

OW291644 Beijing XINHUA in English 1447 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- The Chinese People's Association for Friendship With Foreign Countries gave a reception here this afternoon to mark the 35th anniversary of the establishment of Sino-Indian diplomatic relations.

Vice-Chairman Huang Hua of the National People's Congress Standing Committee and Indian Ambassador to China K.P.S. Menon were among those present. Vice-president of the friendship association Chu Tunan and Menon toasted for continued friendship between the Chinese and Indian peoples.

PRC, PORTUGAL TO DISCUSS MACAO'S FUTURE IN MAY

OW300923 Tokyo KYODO in English 0837 GMT 30 Mar 85

[Text] Hong Kong, March 30 KYODO -- China and Portugal are expected to discuss the future of Macao when Portuguese President Antonio dos Santos Ramalho Eanes visits Beijing in May, Hong Kong newspapers quoted a Chinese National Assembly members as saying Saturday. Xu Jiatao was also quoted as saying it has not yet been decided when or whether China will take over the island colony from Portugal, according to the dailies, which carried reports about a meeting between Xu and a delegation of newsmen from Hong Kong and Macao.

Xu is concurrently Hong Kong bureau chief of the official XINHUA NEWS AGENCY, which represents the Chinese Government in the British crown colony.

Meanwhile, another member of Parliament, Ma Man Kee, has reportedly said the Chinese Government has not yet proposed a settlement of the Macao question simultaneously with the prospective return of Hong Kong to China in 1997. Ma, a business leader in Macao, also said Beijing is not proposing a merger of Hong Kong and Macao as a "special administrative district" after Britain's lease on Hong Kong expires in 1997.

Portugal recognized China's jurisdiction over Macao in 1975.

HU YAOBANG MEETS NETHERLANDS FILM DIRECTOR

OW290859 Beijing XINHUA in English 0822 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, today praised Dutch film director Joris Ivens for a life dedicated to art for humanity. Meeting with Ivens and his wife Marceline Loridan at Zhongnanhai here this morning, Hu called him an old friend of China. He said Ivens, working hard despite advanced age, was an inspiration to justice and high ideals.

"I have always felt at one with the Chinese," explained Ivens, "and stood beside them in times of hardship and in the moment of victory."

Hu thanked Ivens for his help and support for the Chinese cause right from the days in Yanan.

Among Ivens' many films on Chinese liberation and construction was "How the Foolish Old Man Removed the Mountains", commissioned by Zhou Enlai in 1972 and seen by 100 million. He is preparing a film, provisionally titled "Wind", on the Chinese past and present.

In theatrical parlance, said Hu, China's economic success of last two years had been an excellent play in a cause just begun. Culture Minister Zhu Muzhi was also present.

WANG RENZHONG MEETS FRG BROADCAST EXECUTIVE

OW300816 Beijing XINHUA in English 0745 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Wang Renzhong, vice-chairman of the Standing Committee of the National People's Congress, met here today with Friedrich W. Raeukler, chairman of the ARD (Arbeitsgemeinschaft der Rundfunkanstalten der BRD) and director-general of NDR (Norddeutscher Rundfunk), and his party.

The visitors arrived in Beijing on March 27 and were guests of honor at a banquet given by Wu Lengxi, minister of radio and television.

FURTHER ON POLISH DEPUTY PREMIER'S VISIT TO PRC

Li Peng Hosts Banquet

OW281928 Beijing XINHUA in English 1840 GMT 28 Mar 85

[Text] Beijing, March 28 (XINHUA) -- Chinese Vice-Premier Li Peng and Polish Vice-Chairman Janusz Obodowski expressed the wish here today to expand cooperation between their countries.

At a banquet this evening in honor of the Polish vice-chairman of the Council of Ministers, Li called for new avenues of cooperation. He called China and Poland old friends with a common goal of building socialism and interest in safeguarding world peace. "There is a profound basis and broad prospects for friendly cooperation in various fields," he said. Efforts from both countries had contributed to the recent marked improvement in relations, desired by their peoples and in their interests, he considered, and common efforts would improve equal, mutually beneficial and respectful cooperation.

Obodowski replied that good relations since the resumption of contacts at vice-premier level after over 20 years had made both want more cooperation. Their common desire, economic potential and need enabled more economic cooperation and trade. He believed, he said, his talks with Li Peng and the first session of the Polish-Chinese Commission for Economic, Trade, Scientific and Technological Cooperation would help friendship, cooperation and socialist construction.

Li Peng, Obodowski Hold Talks

OW291448 Beijing XINHUA in English 1434 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- Chinese Vice-Premier Li Peng accepted the invitation of the Polish Government for a visit to Poland within the year.

This was agreed by Li and Polish Vice-Chairman of the Council of Ministers Janusz Obodowski during their talks here today. The two sides would further exchange views on the friendly cooperation during Li's visit to Poland.

They shared the same view that the two people, who were building socialism according to their own conditions, had been sympathizing with and supporting each other for a long time. Both took an positive attitude towards developing Sino-Polish relations. They also expressed the wish to further cooperation on the basis of mutual respect, equality and mutual benefit. Mutual understanding was achieved through briefings on the other side's socialist construction.

Chen Muhua Meets Obodowski

OW291650 Beijing XINHUA in English 1634 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- State Councillor Chen Muhua met here this today Janusz Obodowski, vice-chairman of the Polish Council of Ministers, and his party.

Obodowski congratulated Chen on holding the post of president of the People's Bank of China.

They both expressed the wish to further economic cooperation between the two countries. Chen later hosted a dinner for the Polish visitors.

Lu Dong, minister in charge of the State Economic Commission, met with Obodowski here this afternoon. They exchanged views on the economic cooperation between the two countries.

Zhao Ziyang Meets Obodowski

OW301516 Beijing XINHUA in English 1448 GMT 30 Mar 85

[Text] Beijing, March 30 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China kept its doors open to Poland as her policy of opening to the outside world was also applicable to socialist countries. "The Chinese Government attaches great importance to and will work hard for the friendship between the Chinese and Polish peoples and the cooperation between the two countries," he added. Zhao made these remarks at a meeting here this afternoon with Janusz Obodowski, vice-chairman of the Polish Council of Ministers.

Zhao thanked the Polish comrades for their efforts in promoting the Sino-Polish friendship. He said that Obodowski's visit, which marked a new height of the Sino-Polish relations, was an important event. He expressed the belief that it would contribute to the Sino-Polish friendship, especially to bilateral economic cooperation and trade.

As socialist countries, Zhao said, cooperation between China and Poland should be built on a sustained and steady basis. He suggested that apart from trade, the two countries conduct cooperative production in diverse forms. Zhao hailed Polish people's achievements in socialist construction under the leadership of the Polish Government headed by Wojciech Jaruzelski.

Obodowski conveyed Jaruzelski's greetings to the Chinese premier and Zhao asked him to return his greetings to the Polish chairman. Obodowski said that the Polish Government was satisfied with the smooth development of the Polish-Chinese relations. "Poland appreciate of China's positive attitude in developing its relations with Poland and other socialist countries in recent years," he added. [sentence as received]

Shanghai Mayor Fetes Obodowski

OW311628 Beijing XINHUA in English 1619 GMT 31 Mar 85

[Text] Shanghai, March 31 (XINHUA) -- Shanghai and Poland's Gdansk will establish friendly ties as part of the efforts of the two countries to further strengthen contacts and cooperation in all fields. This was declared by Mayor of Shanghai City Wang Daohan at a banquet given by him in honor of the visiting vice-chairman of the Polish Council of Ministers, Janusz Obodowski, here this evening. Wang said that Shanghai had had close contacts with Poland. The Polish consulate general in Shanghai was the only one set up in the 50s and kept open up to now.

The Sino-Polish Shipping Company set up in 1951 played an important role in the transportation of goods between the two countries, Wang pointed out.

Obodowski said at the banquet that Poland and Shanghai shared friendly relations in many years. He described the Polish-Chinese Shipping Company as "a symbol of friendship". He expressed his willingness for furthering the cooperation between Poland and Shanghai in the fields of aviation and agriculture.

Obodowski and his party arrived here from Beijing this morning in the company of Vice-Minister of the State Economic Commission Zhu Rongji. They visited a chemical factory and a knitting mill here today.

FURTHER COVERAGE OF 3D SESSION OF 6TH NPC

Hu Chats With Deputies

OW311415 Beijing XINHUA Domestic Service in Chinese 0104 GMT 31 Mar 85

["Newsletter" by XINHUA reporter Li Shangzhi: "Give My Regards to the Folks!" -- XINHUA headline]

[Text] Beijing, 31 Mar (XINHUA) -- Deputy Hu Yaobang, along with other deputies to the Third Session of the Sixth National People's Congress, came to the Great Hall of the People for the preparatory meeting at 1440 on 26 March. After taking a seat at the far end of the fourth row in the southwestern corner of the 10,000-seat auditorium, he turned his head and saw deputy Gu Xiulian, female governor of Jiangsu Province. He said: "You're here."

"Isn't it nice that you, too, have come, though you are so busy and you are going to visit other places in a few days," responded Gu Xiulian, smiling.

"This is because we're deputies of the people. We should exercise the functions and power the people assign us. How is everything in Jiangsu?"

"Not bad at all...." No sooner had Gu Xiulian uttered these words than Deputy Yu Qiuli tapped her on the shoulder and said humorously: "Give a good briefing to the general secretary."

Hu Yaobang said: "Let us deputies exchange information."

Their conversation provoked laughter from the deputies seated by their side.

Gu Xiulian told Hu Yaobang that Jiangsu Province is studying further the work for this year and drawing up a plan in accordance with the guidelines given by the CPC Central Committee and the State Council to make a greater advance than last year. In great delight, Hu Yaobang said: "In his report to this session, Comrade Ziyang will say that the overall situation of our country's economic development is very good at present. I think the situation will continue to be good this year. As long as all our comrades are doing a good job, we will make a fairly quick advance this year. After you return to your province, you should do your best to put your work on a solid basis."

Asked by Gu Xiulian about his ideas concerning this year's economic work, Hu Yaobang said: "The general idea is contained in Comrade Ziyang's report. In my opinion, we should vigorously develop electric power, petroleum, metallurgical, and machinery industries so as to solve the still-existing problem of inadequate energy, transportation facilities, and supply of raw and processed materials. This is of vital significance to the development of our country's economy as a whole."

"In my opinion, there are two more issues that need our attention," said Hu Yaobang. "This year we should not go overboard extending loans to the service trade in cities. Also, we should not go overboard in granting loans to village and town enterprises. These loans should be handled according to the state plan and controlled within certain limits, because excessive expansion of credit loans will bring about a lot of problems."

Turning his face, Hu Yaobang noticed that the deputy at the next seat looked familiar. He asked: "Which province are you from?"

"Heilongjiang."

"From Keshan County?"

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"Yes." This deputy seemed to have a lot to say, but for the moment he was at a loss for appropriate words. He showed the general secretary his identification card for attending the current NPC session.

"Ah! Song Jiaming. Are you from Shandong Village of Keshan County?"

"I am from Jianshe Village, close to Shandong Village."

"Oh, we met a long time ago."

The story goes: To learn about the changes that had taken place in rural areas after the 3d Plenary Session of the 11th CPC Central Committee, Comrade Hu Yaobang went to Shandong Village and Jianshe Village of Beilian Township, Keshan County, for social investigation on 16 August 1982, and Song Jiaming, who was the secretary of the Jianshe Village party branch, received him. During the 4-hour investigation, Hu Yaobang watched the work of mechanized agricultural production in this village, visited a number of peasant families, chatted with commune members, and asked in detail about their production and living conditions. On a visit to Song Jiaming's home, Hu Yaobang posed for a photo with Song's family. Prior to Song Jiaming's departure for Beijing this time, the villagers said to him: "When you see the general secretary in Beijing, please give him our regards!" Never had Song Jiaming expected that he would be sitting right beside the general secretary the first day he arrived in the Great Hall.

"How's everything going these past 2 years?"

Song Jiaming replied: "A big change has taken place, compared with the situation when you visited us. Last year our village's per-capita distribution averaged 1,000 yuan. We are better off than before."

"What do people think about this?"

"Everyone says that the party's current rural policy is very good and hopes that it will continue and remain unchanged," said Song Jiaming.

With a smile, Hu Yaobang said: "Why should we change a policy that is supported by all or something that everyone likes?" He added in an emphatic tone: "Please tell them it will not be changed."

"In your Heilongjiang Province, there must be several hundred thousands of milk cows now." With a deep emotion, Hu Yaobang said: "When you have 2 million milk cows, things will be fine, and you will be even richer!" He added: "Now that you have enough grain, you should do your best to grasp animal feed and develop livestock production."

Song Jiaming told Hu Yaobang that his province is trying to increase the number of milk cows and, at the same time, to improve breeding in order to raise the milk output per cow.

"That is good."

Ding-ling, ding-ling.... The bell rang to tell the participants that the meeting was going to open. Song Jiaming took out his notebook and asked for the general secretary's autograph. He said: "When I am back home, I can tell the folks that I met you."

While signing the autograph, Hu Yaobang said: "After you get home, please give my regards to the folks.!" [Beijing XINHUA Domestic Service in Chinese at 0230 GMT on 31 March carries the following "public notice": "All newspapers please pay attention to publishing the newsletter entitled 'Give My Regards to the Folks' transmitted today. Thanks."]

Yang Dezhi on Work Report

OW010529 Beijing XINHUA Domestic Service in Chinese 1423 GMT 31 Mar 85

[By reporter Hu Nianqiu]

[Text] Beijing, 31 Mar (XINHUA) -- In group discussions on Premier Zhao Ziyang's report on the work of the government and the reports by Song Ping and Wang Bingqian, PLA deputies to the Third Session of the Sixth NPC said: The PLA resolutely supports the country's reform of the economic structure, with the focus on the urban economy, and strives to make its share of contributions to the reform.

This reporter talked to a number of deputies at the Jingxi Guesthouse where the PLA delegation is staying. They pointed out that great successes have been achieved in the party's policy over the past few years, that the mainstream of China's economic development is healthy, and that the situation is becoming better and better. Some deputies said: The government work report's assessment of the Chinese economic situation is very convincing. Since we have embarked on a pioneer path, problems during our advance are hardly avoidable. As long as we march forward with active but prudent steps, there are great hopes for our undertaking.

After Premier Zhao Ziyang submitted the report to the session on the afternoon of 27 March, grey-headed old generals prepared outlines of speeches the same night. This reporter was able to talk to Deputy Yang Dezhi the next day even though he was tied up with the official business of the session. He was rushing back to the guesthouse to revise the draft of his speech after hearing the Song Ping and Wang Bingqian reports. He said: As a people's deputy, he should express his views about the work of the government. He was the first to speak at the group discussion on the afternoon of the same day. He said that he entirely agrees with Premier Zhao's report. He added: Only after the country is prosperous can the Army become powerful. We can have things only after the people have them and become rich only after the people are rich. Therefore, the Army must go all out to support the country's reform of the economic structure.

Deputy Fu Chongbi, political commissar of the Beijing Military Region, said he recently visited several places in Sichuan and Hubei. What he saw and heard during the visit explains that reforms have brought about thriving scenes in cities and countryside. This is an amazing event with great significance. Deputy Huang Yukun of the General Political Department said the excellent economic situation has given a strong impetus to the work of PLA units and invigorated the processing of modernizing and regularizing the Army and making it more revolutionary. He cited the changes in Army building, which can be seen from the unprecedented enthusiasm among commanders and fighters in studying general knowledge and science, the high morale of PLA units and the perseverance demonstrated in the struggle to safeguard the motherland, the mutual support and closer relations between the Armymen and the people, the further improvement in the Army's capability, the good results achieved in the Army's first-stage party rectification, and the greater trust of commanders and fighters for the party's policy.

The Jinan Military Region dispatched tens of thousands of commanders and fighters to support the Shengli oil field key construction projects last year. Displaying the spirit of enduring grave hardships and learning from the oil workers' good ideas and experience, the PLA units prefulfilled the annual construction plan by 1 month. Deputies Rao Shoukun, commander of the Jinan Military Region, and Xu Chunyang, director of its Political Department, said: The Army should release more forces to support national construction.

The Army should not act like an "outsider" during national construction, but should assume the attitude of a master of one's own in bravely playing the role of a shock force in national construction.

In recent years, the national defense scientific, technological, and industrial front has achieved fruitful results in developing the production of civilian goods and transferring technologies to civilian industry, which Premier Zhao fully affirmed in his report. Analyzing the favorable factors in producing civilian goods and transferring military industrial technologies to civilian use, deputies from the national defense scientific, technological, and industrial front said at the group discussions over the past few days that they are determined to carry out the work more actively and effectively. Deputy Nie Li, vice chairman and concurrently secretary general of the National Defense Science, Technology, and Industry Commission, said in her speech: The abundant resources of national defense science, technology, and industry are valuable assets for developing the Chinese economy. With the keen attention and support of the CPC Central Committee and the State Council, it is entirely possible for national defense science, technology, and industry to play a greater role in developing the national economy.

At the group discussions, the deputies pointed out: In view of the glorious but arduous task facing the nation, the PLA must persist in the spirit of seeking truth from facts and take the lead in stressing lofty ideals, observing discipline, and fostering good practices hard work, diligence, and thrift. Deputy Xu Guangyi of the General Logistics Department said: The government has shown great concern for the PLA. We must carefully budget and properly use the funds appropriated by the state for the Army and strive to reduce the burdens of the state and the people.

NPC, CPPCC Delegates on Report

OW312010 Beijing Domestic Service in Mandarin 0200 GMT 30 Mar 85

[Excerpts] Deputies to the NPC and members of the CPPCC National Committee today continued their panel discussions on Premier Zhao's government work report. Their remarks at discussions over the last 2 days showed the unanimous view that sustained, steady, and coordinated development of the economy is of strategic importance, and that a bright, heartening prospect exists for the current economic structural reform. The following are excerpts of remarks made by some of them:

Jiangsu Deputy Gu Xiulian said: Premier Zhao's government work report points out the generally excellent situation of our country's economic development. This assessment of the situation conforms not only to the actual state of affairs in the whole country but also to the reality in our province, Jiangsu. Last year Jiangsu's gross value of industrial and agricultural production exceeded 100 billion yuan, the average per capita grain output was over 1,000 jin, and financial revenues amounted to 7.52 billion yuan, all surpassing the preceding year's records by a fairly big margin.

There are five new characteristics in the economic construction of our province: first, both the forms of the economy and methods of operations were diversified. The rural economy changed in the direction of a diversified one comprising farming, forestry, animal husbandry, sideline production, fisheries, industry, commerce, construction, transport, and service trade. Last year 2.81 million farm laborers, or 11 percent of the total farm labor force in the province, no longer worked in the fields and took up other jobs.

Second, further development made in commodity production and exchange promoted the division of work and resulted in different trades in society.

More than 70 percent of the output of farming, sideline, and manufacturing work was sold on the market. A system for serving agriculture gradually took shape.

Third, the decision-making power for various undertakings was delegated to lower levels, and efforts were made to promote economic development in diverse ways. Undertakings run by the state, collectives, and individuals all came into being. The establishment of all kinds of enterprises was encouraged, including capital- technology- and labor-intensive enterprises.

Fourth, much effort was made to develop economic and technical cooperation with other localities. Last year Jiangsu established cooperative relations with more than 20 provinces, autonomous regions, and municipalities and reached agreement on more than 800 cooperative projects.

Fifth, the closed-door economic mode was discarded, and the economy began to develop with opening to the outside as the main characteristic.

Speaking at the panel discussions, Jiangxi Deputy Zhao Zengyi said: The open policy has brought three gratifying changes to Jiangxi's economy: The province is on the way to the advanced rank in the country in terms of the growth of economic benefits from its industrial production; remarkable changes are noted in the two weak areas of the economy -- weakness in developing diversified agricultural operations and in village and town industry; and production of consumer goods is developing at a faster pace.

In January 1984 Comrade Hu Yaobang instructed that Jiangxi should learn from Jiangsu. The Jiangxi Provincial CPC Committee and government implemented Comrade Hu Yaobang's instruction in a conscientious and timely manner. A total of 220 contracts were signed with 9 provinces and municipalities, and 55 projects using outside capital were started.

Shaanxi Deputy Li Qingwei said: For 25 years prior to 1982, Shaanxi Province relied on grain supplied from outside. Last year the grain output of our province exceeded 20 billion jin for the first time, more than sufficient for our own needs.

Developments made in northern Shaanxi have been even faster. In 1973 when Premier Zhou came to northern Shaanxi on an inspection tour and was told that the average per capita grain output was less than 300 jin, tears fell from his eyes. Last year each person had an average of 800-1,000 jin of grain.

Sichuan Deputy Nie Ronggui said: The analysis of the situation contained in Premier Zhao's report is in full accord with reality. As viewed from the situation in our province, Sichuan, although we have 100 million people, our situation is truly good. Although commodity prices have gone up to some extent, the people's living standards have risen even faster. In 1984 the gross value of industrial and agricultural production in our province was 63 billion yuan, up by 13.1 percent compared with 1983 and slightly above the average national growth rate. Last year the average wage of the 8 million staff members and workers in the province was 912 yuan, surpassing the 1983 figure by 120 yuan.

Speaking at the panel discussions on the government work report, noted economist Qian Jiaju, who is a member of the Standing Committee of the CPPCC National Committee and also a member of the Standing Committee of the China Democratic League Central Committee, stressed the need to do away with interference and proceed unswervingly with reforms: He said: The year 1984 saw an unprecedented excellent economic situation in our country. This is the main aspect, which should be affirmed. Since last December, however, there has appeared a new unhealthy trend in society; and consumption funds, credit funds, and currency issuance have been out of control.

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This has interfered with the smooth progress of our economic structural reform. With regard to this new unhealthy trend, we should neither be panic-stricken nor take it lightly.

Qian Jiaju said: China's policy of enlivening the domestic economy and opening to the outside world is firm. This marks the beginning of a change in our economy from the closed-door to the open-door mode. After the opening of the 14 coastal cities, Hainan, Dao, and the Chang Jiang and Zhu Jiang Sanjiaozhou, we will be confronted with a host of new economic problems, such as problems dealing with currency, foreign exchange, and the banking system. I hope the State Council will pay sufficient attention to these problems and ask more experts for suggestions so as to draw on collective wisdom and absorb all useful ideas in formulating solutions in advance. Otherwise, these problems will adversely affect the implementation of our policy of opening to the outside world or force us to suffer a heavy loss.

Deputies Submit Proposals

OW010840 Beijing XINHUA in English 0818 GMT 1 Apr 85

[Text] Beijing, April 1 (XINHUA) -- National People's Congress deputies have put forward 151 written proposals, criticisms and comments, the current NPC session's Secretariat announced today.

They cover legislation, finance, trade, education, science, medicine, industry, transport and agriculture, according to the proposals group of the Secretariat.

Wang Guifang from Hunan Province and Tursun Horsali from the Xinjiang Uygur Autonomous Region proposed legislation on highway transport which would serve to stimulate highway construction; Zhao Ximing from Shandong Province called for a new law to protect the interests of consumers.

There were also suggestions for regulations governing development and management of township enterprises and protecting the interests of peasant households engaged in special lines of production. Dong Zhao'ai, a deputy from Zhejiang Province, proposed a law on family planning which would take into consideration local conditions and the cultural traditions of ethnic groups. Some deputies from minority nationality areas voiced the hope that the state would give more assistance to their constituencies in developing the local economy and improving educational facilities.

Others urged that attention be paid to the role of middle-aged intellectuals and suggested legislation on the mobility of scientific personnel and the pay they could earn from spare-time work. Yi Meihou, a deputy from Guangdong Province, said state policies concerning returned Overseas Chinese should be better implemented. According to the proposals group, most of the suggestions were based on the deputies' findings during tours of constituencies or other areas before they came to Beijing for the session.

Submission of proposals and criticisms is one of the ways deputies exercise their power of supervision over the government's work, an official of the group said.

Deputies on Economic Structure

OW271738 Beijing XINHUA in English 1654 GMT 29 Mar 85

[Text] Beijing, March 29 (XINHUA) -- National People's Congress deputies today stressed the importance of a balanced growth in China's national economy.

At panel discussions of the government work report, deputies illustrated Premier Zhao Ziyang's assessment of the country's economic situation with their local experience.

Premier Zhao said on Wednesday that the ratio between agriculture and industry and between light and heavy industries had grown more balanced and the structure of production was being rationalized. Many deputies said this was also the case in their provinces or autonomous regions where a more balanced growth had been achieved following economic readjustment and reform over the past few years.

They also agreed that, guided by the policies and principles laid down in the premier's report, problems that might crop up in socialist construction would be overcome. "Upgrading existing enterprises technically is a policy guiding China's economic construction for a long time to come," said Tie Ying, a leading official of Zhejiang Province in east China.

The amount of money used for this purpose had increased year by year, accounting for more than 65 percent of the total 1984 investment for capital construction in Zhejiang, he added.

Zhou Guanwu, leader of the Capital Iron and Steel Complex in the western suburbs of the Chinese capital, agreed with the premier that China's economy had been growing steadily for several years running. China had achieved a two-digit rate of development during the 1982-1984 period plus a sustained, stable and balanced growth. "It is indeed encouraging," he said.

Deputies from minority nationalities joined those from economically advanced regions in assessing the achievements and problems in the nationwide economic reform which also benefited the less developed areas. Renzeng Nwangyai, a deputy from Tibet, said that his region had advanced with other parts of the country in the reform. The only difference, he said, was that a series of more flexible policies had been adopted there, giving greater decision-making power to local enterprises and agricultural organizations. He mentioned in particular state financial help and technical aid to Tibet from inland provinces and cities. These, he said, were indispensable in helping Tibet keep up with the rest of the country in the modernization drive.

Economic Goals Prefulfilled

OW300403 Beijing XINHUA Domestic Service in Chinese 1135 GMT 27 Mar 85

[Text] Beijing, 27 Mar (XINHUA) -- Premier Zhao Ziyang pointed out in the report on the work of the government that, as of the end of 1984, the output of 43 of the 65 industrial goods included in the Sixth 5-Year Plan had already reached the target for 1985 listed in the plan.

According to materials released by the State Statistical Bureau, the names of the 43 industrial goods mentioned in Premier Zhao Ziyang's report as prefulfilling the Sixth 5-Year Plan are:

Name of Product	Target for 6th 5-Year Plan	1984 Preliminary Statistics	Percentage of 6th 5-Year Plan Target
Coal	700 million tons	722 million tons	110.3
of which local mines	315 million tons	393 million tons	124.8

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crude oil	100 million tons	110 million tons	110.0
natural gas	10 million cubic meters	12.4 billion cubic meters	124.0
Electricity	362.0 billion kWh	374.6 billion kWh	103.5
of which hydro-electricity	70 billion kWh	85.5 billion kWh	122.1
rolled steel	29.30 million tons	33.71 million tons	115.1
steel	39.00 million tons	43.37 million tons	111.2
alloy steel	3 million tons	3 million tons	100.0
regular low-alloy steel	3.5 million tons	5.66 million tons	161.7
pig iron	34.50-35.10 million tons	39.98 million tons	115.9-113.0
iron ores	117 million tons	122.39 million tons	104.6
ten kinds of nonferrous metals	--	--	fulfilled
timber	55 million cubic meters	55 million cubic meters	100.0
plywood	1.2 million cubic meters	1.38 million cubic meters	115.0
cement	98 million tons	121.08 million tons	123.6
plate glass	42 million standard cases	47.37 million standard cases	112.8
sulfuric acid	8.1 million tons	8.13 million tons	100.4
caustic soda	2.1 million tons	2.22 million tons	105.7
Chemical fertilizers	13.4 million tons	14.82 million tons	110.6
of which nitrogenous fertilizers	10.55 million tons	12.26 million tons	116.2
synthetic rubber	170,000 tons	174,000 tons	102.4
plastics	1.05 million tons	1.16 million tons	110.5
dyes	65,000 tons	77,000 tons	118.5
paints	550,000 tons	690,000 tons	125.5
sanitation earthenware	4.5 million pieces	6.57 million pieces	146.0

power-generating	3.5 million kw	4.65 million kw	132.9
lathes	100,000	130,000	130.0
motor vehicles	200,000	320,000	160.0
walking tractors	280,000	670,000	239.0
locomotives	615	658	107.0
television sets	7 million	9.96 million	142.3
cassette recorders	4.5 million	7.48 million	166.2
woolen goods	180 million meters	180 million meters	100.0
knitting wool	90,000 tons	110,000 tons	122.2
silk fabrics	1 billion meters	1.14 billion meters	114.0
plastic products	1.55 million tons	2.05 million tons	132.3
machine-made paper and paper board	6 million tons	7.14 million tons	119.0
cigarettes	20 million cases	21.25 million cases	106.3
beer	2 million tons	2.19 million tons	109.5
synthetic detergents	700,000 tons	810,000 tons	115.7
household washing machines	3.5 million	5.78 million	165.1
output of energy sources (equivalent to standard coal)	680 million tons	770 million tons	113.2

Deputies Ur Control of Credit

OW310643 Beijing XINHUA in English 0632 GMT 31 Mar 85

[Text] Beijing, March 31 (XINHUA) -- Control over credit and consumption funds must be tightened to ensure smooth progress of economic reform, National People's Congress deputies agreed at panel discussions. This was the only way to control the amount of currency issuance and prevent inflation, they said. They agreed with Premier Zhao Ziyang who said in his report on government work that the banks should be held responsible for the issue of too much currency in the second half of 1984 although most of the additional currency issued in the year was warranted.

Zheng Linsun, an NPC deputy and vice-president of the Shanghai branch of the Industrial and Commercial Bank of China, said that the problem had affected the reform and led to certain price hikes. However, he said, the situation was now under control as effective measures had been taken to tackle the problem. Enterprises, no matter state, collective or private ones, must have a certain amount of capital funds to entitle them to bank loans, Zheng said. Floating interest rates should be used as a measure of control. "We must give no chance to speculators," he stressed.

Xu Hong, an NPC deputy and president of the Hunan provincial branch of the People's Bank of China, said that capital construction must also be brought under control to achieve an overall balance in credit. She said that bank loans should first of all be granted to key projects and used to encourage production. Discussing the factors leading to the drastic increase of bank loans last year, deputies from financial circles said that it had something to do with the banks' own selfish interests.

One reason was that the actual amount of loans issued by a bank in 1984 could be used as a base figure for determining the amount of credit funds at its disposal in 1985. So, the more credits issued, the more bonuses the bank staff would get, they noted.

Zheng Linsun urged all banks to take into consideration the social effect of loans and avoid working for their own interests. He said it was the banks' responsibility to make investigation and provide information for government departments concerned.

To compete with other banks, Xu Hong said, some banks had lowered their interest rates to attract borrowers. "It was the state that suffered the losses," she added.

Li Ning, an NPC deputy from a Tianjin bank, said, "Both administrative and economic measures should be used to control credit because China is a country practising the planned commodity economy." All speakers agreed that the reform in the monetary system was more complicated than in other departments. It should be carried out with great prudence to avoid setbacks as far as possible.

COMMENTATOR ON CADRES WAITING TO BECOME WELL OFF

HK310156 Beijing RENMIN RIBAO in Chinese 30 Mar 85 p 1

[Commentator's article: "Let Others Become Well-Off Before Ourselves"]

[Text] Wealth has a unique destiny in China.

For several thousand years in the past, wealth belonged to the exploiting classes and had nothing to do with the laborers. Only after the five-star red flag was hoisted on Tiananmen was the prolonged night in which the rich did not have to work and the laborers could not become rich brought to an end. During the 10 years of catastrophe, wealth was labeled a devil guilty of unpardonable evil. "Wealth leads to revisionism" and "being poor is glorious" were popular sayings. It seemed that the Chinese should not become rich but were destined to be poor. The 3d Plenary Session of the 11th CPC Central Committee laid down the policy of making the people rich as the basic national policy and again sowed the seed of wealth in the hearts of the people. At present, the winds of spring are prevailing throughout the vast territory of China and wealth is striking root, germinating, and growing. Getting rid of poverty and striving to become rich has become the undeniable right of 1 billion people.

Since this is the case, why is the idea "let other become well-off before ourselves" put forward? This idea is aimed at comrades working for party and government organs. In the past few years, some cadres of party and government organs, seeing that a portion (in fact, an extremely small number) of peasants and self-employed laborers in town and countryside had become well-off and that the bonuses of some workers had increased by a relatively large margin, put forward the question of when the cadres of organs would become well-off. Some party and government organs ignored what the central authorities had repeatedly forbidden and were enthusiastic in doing business. They meant to benefit cadres of organs and "let a portion of cadres of organs become well-off before others." We agree that it is understandable that cadres of organs hope to improve their livelihood and hope to become well-off. However, we should have a clear understanding and adopt a correct attitude toward whether or not cadres of party and government organs can become well-off, when they can become well-off, and how they can become well-off.

As a portion of the people, cadres of party and government organs can of course become well-off and should become well-off. "Common prosperity" does not exclude cadres of the party and the government. However, party and government organs do not run factories and they do not engage in business. They depend on administrative funds allotted by the state for their operation, and wages are drawn from the total fund for wages, which is controlled by the state. This determines that in the contingent of the Chinese people who are advancing toward prosperity, cadres of party and government organs are bound to be "rearguards."

Cadres of party and government are the portion of the people who have the highest political consciousness, which should allow them to be willing to be "rearguards." In the feudal society, one could have "100 thousand liang of silver after being a county magistrate for 3 years." Promotion in official work went hand in hand with acquiring wealth. Our party and government organs are not feudal government offices and are not bureaucratic organs. They are not places for winning promotions and getting rich. Nor are they places for engaging in malpractices for selfish ends. They are organs for handling affairs for the people and for seeking benefits for the people. Our sole purpose is to serve the people whole-heartedly. Each cadre is a servant of the people. Today, to make the people rich is to serve the people. Under the condition that some people are bound to become well-off before others, we are willing to become well-off after others because we want the masses to become well-off first. If we say that we are "suffering losses," we should do so. If we say that this is a kind of "sacrifice," it is glorious to make such a "sacrifice." There is a famous saying by Fan Zhongyan, a statesman of the Song Dynasty, which says: "Worry before others but enjoy after others." He has always been praised by the people for this idea. Shouldn't Communists, who regard communism as the lofty ideal, attain a higher realm of thought than this and shouldn't they be even more broadminded? In the course of the reform of the economic structure, comrades in Liaoning put forward: "People at lower levels should become well-off before those at higher levels and the masses should become well-off before the cadres." This is a very good slogan. Cadres of party and government organs at various levels should have the noble quality of letting others become well-off before themselves.

As to the question of whether or not we are "suffering losses," we should see that although there are some "10,000 yuan households" in the rural areas, their number is very small. According to investigation results published by the State Statistical Bureau, the per capita net income of the peasants in our country in 1984 was 355.3 yuan, less than 1 yuan a day. The livelihood of the peasant families in some poverty-stricken areas is still relatively difficult. Although, generally, our cadres of party and government organs are not well-off, they "eat public grain and draw wages" and therefore there is a better guarantee for their living standards. The level of their living standards is still higher than most of the peasants. In the future, with the development of the entire national economy and the improvement of the people's livelihood, and with the reform of the wage system and the bonus system, the living standards of cadres of party and government organs will improve following the improvement of the general situation. Those who have made outstanding contributions will also be awarded.

The reform of the economic structure we are carrying out is aimed, in the final analysis, at making the country prosperous and the people throughout the country lead a wealthy and happy life. In order to attain this goal, we must concentrate all our efforts and go all out in doing a lot of painstaking work. An important reason marked results have been obtained in reforms in the rural areas in the past few years is that party and government organs and party and government cadres at all levels have seriously implemented the party's rural policies and provided good service in making the peasants rich.

In order to do a good job in carrying out the reform of the urban economic structure, it is all the more necessary to maintain and carry forward these good ideas and good styles. At present, it is all right for party and government organs to work for the benefit of cadres and staff members and to improve their living standards within the scope permitted by state policies. However, we should never depart from the policies issued by the party and the state to seek private gains or to benefit a small group, and not impair the great cause of reform.

A man should have some kind of spirit. Cadres of the Communist Party should all the more have the spirit of being bold in making self-sacrifices for the sake of the people's interests. In the advance toward a relatively well-off or even a wealthy level, some are bound to become well-off before others. Those who have become well-off first will help those who are not yet well-off. With this, and with our cadres of the party and government organs who are willing to become well-off after others and to help the people become well-off first, the symphony "Destiny" -- making the country and people prosperous -- of the Chinese people, played in the new historical period, will certainly become even more harmonious and majestic.

RENMIN RIBAO ON PRACTICE OF PAYING LIP SERVICE

HK300813 Beijing RENMIN RIBAO in Chinese 29 Mar 85 p 5

[Article by Shu Lin: "Something That Is Worrying the People"]

[Text] The current of reform is pounding at all corners of the motherland with an irresistible force. However, it is far from easy to change the modes, conventions, ideas, and customs which have been formed over years and to establish a really dynamic and vigorous socialist economic system with distinctive Chinese features. In the course of reform, we are bound to meet with various kinds of resistance and difficulties. This is nothing to be afraid of. As long as we keep a clear head and adopt appropriate measures, we will be able to overcome such resistance and difficulties. What is worrying the people more is the bad practice of paying lip service, which is quite common among some cadres. This practice will undermine our great cause of reform.

In the past few years the central authorities have put forward many important reformative measures and have obtained very good results. However, we must admit that many people are in fact only paying lip service in implementing them. At a glance, it seems that everything has been done in accordance with the central authorities' policies. However, if we check carefully, we will often find that some people have taken a perfunctory attitude and are paying lip service. As a result, many things have a fine start and a poor finish or are left unfinished and other things are not seriously attended to.

For example, the central authorities have called for simpler administration and decentralization and management of enterprises by economic means. For a certain period of time people at the lower levels were indeed quite busy. Bureaus were changed into companies and staff was reduced. Nevertheless, quite a few units were only changed in form but not in content. Outwardly the staff was reduced but in fact it was not. The name of the bureau was replaced by the name of a company. But one bureau was changed into several companies. The staff increased instead of being reduced. Enterprises were even more rigidly managed instead of being given more power.

Since the smashing of the "gang of four," the central authorities have once again stressed that knowledge and capable people should be respected. Some people have taken this slogan and speak about it very loudly. They have feigned extreme eagerness to get some capable people.

However, capable people under their very noses have for a long time been oppressed, and policies concerning these people have never been implemented. Although there may be one or two intellectuals in the leading body, they are merely for decoration like flower vases.

With the overall development of reform, the central authorities have called on theoretical workers to go deep into reality to carry out studies and investigations in order to solve problems which have emerged in the course of reform. Some localities have responded very quickly and their reports and summaries have come one after another. They claimed that they have attached importance to this question since several years ago and that they have organized investigations at the grass roots on many occasions and have written many investigation reports. They have made a great show of being in earnest by providing some "average figures" and "percentages." Have they solved any problems or not? In fact, no problems whatsoever have been solved.

It is not easy to tell when the practice of paying lip service began. Some said that this practice existed in the past and others said that this was a common practice during the period of the "Great Leap Forward" in 1958 and boasting and exaggeration were also quite common. Anyway, this practice reached its climax during the "Great Cultural Revolution." At that time the wind was always changing direction and lip service appeared in one form after another. When the east wind blew on the first day, people would say it was a good wind and expressions such as "the east wind blows hard to bring news of victory" would be used. When the west wind blew on the second day, people would say that the west wind was not bad either and expressions such as "the strong west wind will clear the sky of black clouds" would then be used. When instructions were given at a higher level on making motor vehicles, some localities would respond in a resolute manner. They bought a complete set of parts of a motor car from other localities, assembled them, and reported a success. As to whether or not this car could run or how many cars they could produce in 1 year, they did not care. They were only interested in making a sensation so that everybody felt happy. It is said that in the past, when some cadres went to attend meetings in Beijing, they always carried with them material of completely opposite views. They were able to put forward in good time in accordance with what was emphasized at higher levels. In this way they were able to cope with any situation. Having acquired such skills, many people were promoted to very high posts.

Articles are written for people to read but lip service is to make a show for leaders at the higher levels to see in order to please them. Owing to the influence of the "leftist" mistakes over the past years, many people have not been able to acquire any useful skills but have excelled themselves in this respect. They are extremely good at dishing up "rubbish coated in gold and jade." These people usually have great ability in coping with changing situations and they often change their tricks so that even if you see through them you cannot catch them. Since their tricks cannot be easily seen through, people will be taken in if they are not careful enough. Even some intelligent and capable leaders may also be taken in.

This bad practice of paying lip service is extremely harmful to reform. It undermines the party's work style and corrodes its healthy body so that leaders only have a hazy notion of the situation at the lower levels and it will then be difficult for them to make correct judgments and decisions. What is more serious is that we will subsequently lose something most valuable -- time and people's support. We have the most favorable opportunity for conducting reform at present. However, if the bad practice of paying lip service is not properly eliminated, we may get very insignificant results in several years.

We will then have wasted our time and greatly dampened the enthusiasm of the masses. The people have placed great hopes on the reform, and the people's hopes are also the hopes of the reform. If we are unable to get rid of this bad practice of paying lip service, how can we ensure that we will get good results in the reform as anticipated?

JINGJI RIBAO EDITORIAL ON DOCUMENT NO 1 FOR 1985

HK290902 Beijing JINGJI RIBAO in Chinese 25 Mar 85 p 1

[Editorial: "Implement Document No 1 Well With Unity of Purpose and Efforts"]

[Text] The "CPC Central Committee and the State Council's Ten Policies on Further Enlivening the Rural Economy" (namely, the CPC Central Committee's Document No 1 for this year) has been published and made available to the public today. This important document systematically sums up the experiences in our rural reform and, in light of the continuously developing new situation, stipulates a series of concrete policies. This marks the beginning of a second round of major reform in our rural areas. "The ten policies are ten roads, and by following these roads people will be able to become rich." Like the Documents No 1 that the CPC Central Committee issued the 3 preceding years, Document No 1 for this year has also been enthusiastically supported by the millions of peasants. It has been vigorously pushing forward the development of rural reform both in depth and breadth and bringing about a new rise in rural economy.

This year's Document No 1 not only maintains the continuity and stability of the party's policy to make the people rich, but also develops this policy in many aspects. In particular, this document creates fine external conditions for reform of the system of the state monopoly over the purchases and the imposition of sales quotas and agricultural and sideline products, which have been implemented for over 30 years, and for intensifying the regulation of the market mechanism and for further developing rural commodity production. It also promotes the even more harmonious development of our agricultural production.

The second round of major reform in our rural areas has become imperative since our rural production switched onto the path of the socialist commodity economy and is aimed at deepening the first round of rural reform -- the reform in implementing the responsibility system with remuneration linked to output. The development of community production has made agriculture more closely linked to the whole national economy; therefore, the question of how we are to correctly handle the relationship between our agriculture and the entire national economy becomes particularly important. The reform in the rural management system should develop in a all-round manner in all spheres including production, circulation, exchanges, distribution and the state's administration over the rural economy. Only by so doing can we speed up the development of our rural economy.

The second round of major rural reform has given rise to a new problem to research into, namely, how we, a country with a huge rural population of 800 million people, are to organize our over 170 million rural households in developing commodity production. There should be new methods, means, and regulatory mechanisms that are suited to the development of our rural productive forces. Therefore, we must continue to carry out our reform, in particular reform in the state's administration over agriculture. Only by so doing can we achieve the harmonized development of our agriculture. In the past we failed to increase our agricultural production. This was mainly due to the practice of "eating out of the same big pot" within our collective economy. But the over-rigid control of the rural economy by the state was also an important cause.

The reform in the system of state monopoly over the purchases of and the imposition of sales quotas for agricultural and sideline products is also aimed at giving rise to a planned commodity economy. It will enable our peasants to become commodity producers who possesses decisionmaking power over their production; to directly face the demands of social consumption; to solve the problem of agricultural production failing to meet the demands of the market, a problem that is universal at present; to change the past practice of overcentralization; and achieve an even more harmonious development under a planning system which consciously applies the law of value.

For our peasants, it takes time for them to become adapted to the development of a rural commodity economy and inevitably they have to suffer from market fluctuations and undertake some risks. At the same time, this makes the state's role in applying various economic means to regulate the economy increasingly important. Only by comprehensively applying various kinds of economic levers and means of control can we effectively administer and guide the continuously changing and developing rural economy.

For example, after the reform in the system of the state monopoly over the purchases and the imposition of sales quotas for agricultural and sideline products, we should do a variety of work in order to guarantee supplies for our markets and stability in prices. For the mere development of production does not necessarily mean there is sufficient supply and stable prices in our market. It is also necessary for us to satisfactorily handle the relationship between production and consumption, between the urban and rural areas, between different areas, between commodity and cooperative economies, and between many other spheres. We should also establish a series of pre- and post-production service sections including processing, storage, and transport sections. All these are important tasks in leading and organizing rural commodity production during the new period. At the same time, state commerce should also conscientiously take part in the regulation of the market mechanisms through absorbing and releasing products and play a positive role in ensuring the realization of plans and enlivening the market under the condition of protecting the interests of the producers and the consumers.

In short, the second round of major rural reform is a reform in the system of the state's administration over the rural economy. Its aim is to change the planned administration from a mandatory one into a guidance one. This does not mean that the state's planned administration over agriculture should be weakened, but means that we should overcome the defects in our mandatory plans and raise more exacting demands for rural planning work. It never means that we can let things slide. We should see that we can never exercise effective administration over the development of our rural commodity economy if we rely only on administrative means and refuse to apply economic means. Our aim is to make the activities in our market meet the requirements of the planned commodity economy in the macroeconomic sphere as well as to earnestly ensure our peasants' decision-making power in conducting commodity production and exchange, thus simultaneously enlivening and administering the economy.

Indeed, the new situation in rural reform has raised a series of more exacting demands for reform in various departments of the superstructure. For it involves all the levels in these departments and all trades. Only when all these departments coordinate and support rural reforms with unity of purpose and efforts can we ensure the smooth development of rural reforms and the deepening of the development of our urban reforms, and can we realize the harmonious development of our urban and rural economies and achieve the goal of common prosperity.

Therefore, all departments should deeply understand the new situation in our rural reforms and actually implement the spirit of this year's Document No 1. They should further correct the guiding thinking in their work and bring about a change in their work arrangements, organization structure and work methods. On the one hand we should ensure the relaxation of policies and enlivening the economy, and on the other we should correctly exercise and apply the functions of various departments and earnestly and satisfactorily carry out service work. In particular we should be good at mastering and learning the skills to apply the various means, including price, credit, taxation and funds, to regulate our economy, make flexible application of various kinds of economic levers, satisfactorily make market forecasts and investigation in light of market information, and earnestly ensure the fulfillment of the state's task of implementing a planned administration over our agriculture. In the process of continuous exploration and practice, we should further improve our competence in leading and giving guidance to the development of large-scale commodity production in our rural areas.

EDITORIALS ON IMPORTANCE OF TECHNOLOGY MARKET

Technology Market Decisive Link

HK300930 Beijing GUANGMING RIBAO in Chinese 22 Mar 85 p 1

[Editorial: "On the Technology Market -- Why We Say That a Technology Market Is a Decisive Link in Reforming the Science and Technology System"]

[Text] Over the past year or so, something new has emerged in various parts of China. Its emergence and development have accelerated the pace of turning technological achievements into commodities, improved the motivation of the science and technology system, and has been playing an increasing role in promoting economic construction. This new thing is the technology market. Although this market is still new in China, it has displayed exuberant vitality and has aroused people's attention.

The emergence of the technology market is not an accidental phenomenon. It reflects the objective demands of the development of socialist commodity production in our country and is an inevitable outcome of the socialization of science and technology. Science and technology are playing an increasing role today in guiding and promoting the development of production. The proportion of the value of technology, which has been turned into materials, in commodities is increasing with each passing day. As a special commodity, technology is being recognized and valued by more and more people.

The technology market is a place for exchanging technological achievements and a central link in technological circulation and exchange. In the technology market, technological achievements are bought and sold at negotiated prices, thus fully realizing their value in the course of exchange and completely changing the past practice of free transfer merely through administrative measures. On the one hand, the technology market has related the technological achievements made and applied by scientific research units to their economic interests and has created conditions for the reform of financial allocation in scientific research and for rectifying the tendency of "everybody eating from the same big pot." On the other hand, once technological achievements are turned into commodities, they are restricted by the law of value -- those technologies which can help produce commodities urgently needed in the market, which can help raise labor productivity, and which can help achieve better economic results will certainly be sold at higher prices and have a ready market, while those which are not actually needed in production, which are not really advanced, and which are not economical and practical will certainly not be welcomed by the customers and cannot be sold at higher prices or cannot be sold at all.

Thus, the emergence of the technology market will become a force encouraging scientific research units, especially the scientific research institutes engaged in exploiting new technologies, to better serve the economy, serve the society, and endeavor to provide the market with more marketable technologies so as to make greater contributions to China's socialist modernization drive.

The reform of the science and technology system also requires an organizational guarantee. There are many shortcomings in the current science and technology system, such as scientific research being divorced from production, barriers existing between the Army and the people and between different departments and regions, too many research organizations established outside enterprises, and too many scientific research workers living on "public grain." In the technology market, the suppliers and sellers of technological commodities directly contact each other. The buyers and sellers freely negotiate with each other and conclude transactions on an equal basis. There are no differences between regions and departments, between the Army and localities, and between cities and the countryside. The previous barriers between them have been eliminated and various obstacles have been removed. The production units can easily obtain the suitable technologies they urgently need, the period for turning technological achievements into productive forces has been shortened, and the economic construction has been vigorously pushed forward. At the same time, the alliance of various scientific research units and between the scientific research units and production units has been promoted and the ability of the enterprises to exploit new technologies has been enhanced. This is favorable for the rational disposition of the scientific and technological forces and the formation of effective organizations in the field of science and technology.

Talented people are the backbone of the country. They are also the backbone of the scientific and technological contingents. Both the construction of the four modernizations and the development of science and technology are in need of talented people. Our country is a big country which needs talented people. However, in some units, as they have more talented people than are actually needed, there has been a serious waste in this respect. The scientists and technologists there have not been rationally used and their creativity and initiative has not been fully brought into play. The emergence of the technology market will greatly promote the flow of intelligence and exchange of talented people. Through the technology market, the medium and small enterprises and town and township enterprises, which have comparatively weaker technological forces and are in urgent need of talented people, can quickly find the "able people" they need. Since intelligence and talented people are exchanged through sufficient consultations and the commitments for both sides are clearly stipulated in the form of contracts, those who have been invited to act as full-time or part-time employees can generally give good play to their roles. The rational flow of talented people, which is pounding at the traditional management system for scientists and technicians, is conducive to creating good conditions for "making the best possible use of men and the emergence of talented people in large numbers." It enables more scientists and technicians to realize their long-cherished wish of "dedicating themselves to the service of their country" and to play a greater role in the construction of the four modernizations.

Applauding Appreciation of Technology

HK310118 Beijing GUANGMING RIBAO in Chinese 24 Mar 85 p 1

[Editorial: "Applauding the 'Appreciation' of Technology in Our Country -- Second Discussion on the Technology Market"]

[Text] In recent years, along with the development of the reform of economic structure in the urban and rural areas and the opening up of technology markets, technological commodities have been in such short supply that many production units have sent people a long distance to buy technology, regardless of cost. Some people say that technology has "appreciated." If this is true, we should applaud it.

As to the saying: "Technology can become a commodity," some people feel that this is a new idea. Others doubt it and still others are worried about it. Actually, in foreign countries, the practice of buying and selling technology as a commodity has a history of over 200 years. With the advances in modern science and technology, technology trade on the international market has become extremely brisk. Technological commodities are different from material commodities, because material commodities are hardware, while technological commodities are software. People can easily know the monetary value and the use value of a material commodity, but not of a technological commodity. Moreover, China's past economic structure belonged to a unitary planned economy under the excessively rigid control of the state. Technology belonged to the state and was the property of the whole people. Technology could be transferred without compensation and could be used by the public. As a result, very few people ever thought about the question of commercializing technology.

Technology belongs to a kind of optimized and systematized knowledge system. Like material commodities, technology has its monetary value and use value. The monetary value of technology is based on the ordinary human labor absorbed by technological achievements, including the animate labor of the scientific and technological personnel, which is mainly the complicated and high-quality mental labor and material labor absorbed by scientific research. The use value of technology is realized in greater technological advances, providing a kind of productive force which can create high efficiency and produce greater economic results, and producing more wealth and economic results for the society by using less labor.

Technological achievements are usually shown in the documentary form, such as blueprints, technological materials for special uses, and so on. The ownership of technology is not transferred when technology is traded. The use value of technology can only be realized by the labor of the workers under certain material and technological conditions. It is absolutely wrong to think that the entire use value of a product is created by the workers only.

Now that technology markets have appeared, the monetary value of technological commodities can be fully realized in the exchange process on the technology market. Science and technology now have a better chance to quickly and efficiently guide and push forward production. Many production units which bought advanced technology regardless of cost have already changed the backward situation of their production and greatly increased their economic results. Practice has shown people that technology is the lifeblood of the enterprises. The competition of products is actually the competition of technology. The enterprises equipped with advanced technology will certainly produce the best products. The enterprises with greater vitality and which are involved in keen competition will certainly have greater need for advanced technology. At present, many enterprises, peasants, and town or township enterprises are eager to obtain advanced technology.

Many small and medium enterprises also need advanced technology. For example, more than 400 small and medium enterprises in Jingzhou, Hubei Province, have sent over 300 people and spent over 50,000 yuan to "purchase" technology and invite qualified personnel in various regions within a year's time.

We applaud the "appreciation" of technology, because it shows that more and more people are realizing and paying attention to the importance of science and technology in economic construction. People are now depending more on science and technology in economic construction, are making greater use of science and technology in production, and have brought science and technology into full play in the construction of the four modernizations.

We applaud the "appreciation" of technology, because it shows that the people of our country are determined to break with ignorance and illiteracy, cast aside the old concept of looking down upon technology, and acquire a new outlook of "respecting knowledge and respecting qualified personnel." It will also attract more people to take part in scientific and technological research so as to further develop and enliven China's science and technology.

We also applaud the "appreciation" of technology because it is beneficial to the further implementation of the policies towards intellectuals, the improvement of living and working conditions, and the social position of intellectuals and the arousing of their enthusiasm. It will mobilize thousands and thousands of people to "go up the mountain to pick the peaches," in other words, to take part in the construction of the four modernizations so as to produce more and more valuable scientific and technological results!

YANG SHANGKUN AT PLA RECTIFICATION CONFERENCE

HK010405 Beijing ZHONGGUO XINWEN SHE in Chinese 0331 GMT 1 Apr 85

["Yang Shangkun Stresses That the Armed Forces Must Promote and Ensure Reform" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 1 Apr (ZHONGGUO XINWEN SHE) -- Yang Shangkun, permanent deputy secretary of the CPC Central Committee Military Commission, has stressed that the Armed Forces must promote and ensure reform. In carrying out reforms, the Armed Forces must resolutely implement the spirit of the Central Military Commission forum, reform the establishment setup, do a good job in streamlining and reorganization, and vigorously cut fat, to ensure the full implementation of the policy decisions of the CPC Central Committee and the Central Military Commission. Yang Shangkun said this in a speech at an all-PLA second-stage party rectification conference convened in late March.

Yang Shangkun also pointed out that it is essential to resolutely correct new unhealthy trends while carrying out rectification. He said that these new unhealthy trends exist in the Armed Forces as well as the localities. These unhealthy trends involve using improper means to make money from the state and damage the people's interests. Under no circumstances may people enrich themselves at the expense of state revenue.

He also said that it is necessary to resolutely correct the new unhealthy trends and also to continue to develop proper production operations. By relying on their own labor to develop cultivation and stockbreeding, run some plants for processing agricultural and sideline produce, contract for some key engineering projects for the state and the localities, and establish some tertiary industry, the PLA units can create wealth for society and lighten the burden of the state and the people, and also improve their own material living standards.

Yang, Yu Qiuli Remarks

OW311904 Beijing Domestic Service in Mandarin 1200 GMT 29 Mar 85

[Text] While speaking at the second-stage party rectification work meeting of the whole Army recently, Yang Shangkun, vice chairman of the Military Commission, and Yu Qiuli, director of the General Political Department, stressed that in carrying out party rectification, it is necessary to take the education in strengthening party spirit as a major task.

Yang Shangkun pointed out in his speech: Because the Army is facing the task of strength-reduction reorganization, it is necessary to solve the problem of how to handle the reorganization properly in the course of party rectification. When dealing with problems, everyone must consider first the whole situation, and then himself. To consider the whole situation is to think about the needs of the construction of the country and the Army, and do everything in the interest of this overall situation. This will cause us to strengthen party spirit. To correct unhealthy tendencies, it is also necessary to strengthen party spirit. Therefore, in second-stage party rectification, it is very important that education in party spirit and party discipline be strengthened.

Yu Qiuli said: Our party has always attached importance to strengthening party spirit. It is the important guarantee for keeping the party pure, fulfilling the party's guiding principle, and accomplishing the party's tasks. Strengthening party spirit has an important bearing on unifying thinking, rectifying work style, strengthening discipline, and purifying organizations. Only through strengthening party spirit can the task of party rectification be accomplished in an all-round manner.

Yu Qiuli said: To wholeheartedly serve the people is a special characteristic of the Communist Party as well as a concentrated manifestation of party spirit.

Yu Qiuli emphatically pointed out that Communist Party members need the spirit of self-sacrifice to fight for the interests of the people. The manifestations of self-sacrifice take various forms. To be in the vanguard of charging the enemy and be the last to retreat in disregard of one's own safety on the battlefield is self-sacrifice. To be the first to endure hardship and the last to enjoy comforts, and to put the interests of the revolution and the people in the first place and disregard one's own interest in time of peace is also self-sacrifice. In the period of socialist construction, it is necessary to carry forward the spirit of self-sacrifice. A very important criterion for judging whether or not a comrade has a strong party spirit is whether he has such a self-sacrificing spirit.

Yu Qiuli said: While upholding the system of distribution according to work, we must never forget that we must infuse Communist Party members, CYL members, and advanced individuals with communist ideology; nor must we forget to step up the building of socialist spiritual civilization while promoting the building of material civilization. We must remember that the progress of a socialist society relies not only the growth of material wealth but also on the constant promotion of communist ideology among people as well as the constant display of the revolutionary spirit. These are the basic principles that we must adhere to in the socialist period.

PLA AIR FORCE CALLS FOR STUDYING DOCUMENTS

OW311930 Beijing XINHUA Domestic Service in Chinese 0057 GMT 30 Mar 85

[By reporter Cai Shanwu]

[Text] Beijing, 30 Mar (XINHUA) -- The PLA Air Force party committee urged that units undertaking the second stage of rectification concentrate efforts and time on studying documents so as to prevent perfunctoriness in the study in this connection.

The PLA Air Force party committee recently issued a circular pointing out that most units undertaking second-stage party rectification have done a comparatively good job in studying; but that, at the same time, some noteworthy problems have cropped up. Some units read documents and hold discussions hastily, thus affecting the quality of study; some units are not conducting sufficient study on the new situation, or are not paying attention to answering and solving questions in reality; and some party members are not concentrating their efforts on study. The PLA Air Force party committee deems that the phase of studying documents is an important phase of the party rectification. Party committees at various levels must attach great importance to this and must by no means take it lightly. They must take effective measures to ensure the quality and results of study. Units that failed to meet requirements must rearrange study, while those who are supposed to take remedial courses must take them.

The PLA Air Force party committee demanded that in studying, all units thoroughly study the documents in the light of actual situations, and put more emphasis on key points and thoroughly study major questions. At the same time, it is necessary to seriously study Comrade Deng Xiaoping's book, "Building Socialism With Chinese Characteristics," and his important speech at the national conference on scientific and technological work. It is also necessary to conscientiously carry out effective education in thoroughly negating the "Cultural Revolution," eliminate the "leftist" influence, raise consciousness of the need to keep an ideological and political unity with the CPC Central Committee, and uphold communist ideals and beliefs. Party members must wholeheartedly serve the people, take the whole situation into consideration, promote and ensure smooth progress of the structural reform and strength-reduction reorganization, strengthen the building up of party spirit, observe party discipline, prohibit and conscientiously curb and correct new unhealthy trends, and vie to be qualified members of the Communist Party.

The PLA Air Force party committee also demanded that while making efforts to do a good job in study, units undertaking party rectification must also carry out in-depth examination and research and ensure timeliness, purposefulness, and effectiveness of the guidance for party rectification work.

PEOPLE'S BANK TO RAISE SOME INTEREST RATES

OW010303 Beijing XINHUA Domestic Service in Chinese 0044 GMT 31 Mar 85

[Excerpts] Beijing, 31 Mar (XINHUA) -- The State Council has approved a report by the People's Bank of China on readjusting interest rates on some categories of bank deposits and loans, which has been circulated in various localities recently for implementation beginning 1 April this year.

The bank's report pointed out: The interest rate is an important economic lever of the country. Due to the negligence of the law of value over a protracted period of time, the current interest rates on deposits and loans are not quite rational and are incompatible with the demand for economic structural reform. In view of the necessity of gradually carrying out reform, a decision has been made on readjusting the following interest rates of some categories of bank deposits and loans.

1. The interest rate on fixed savings deposits will be appropriately raised. [Beijing XINHUA in English at 0715 GMT on 31 March, in a similar item, adds the following: The annual interest rate on one-year savings deposits is to be raised from the original 5.76 percent to 6.84 percent, for three-year deposits, from the original 6.84 percent to 7.92 percent, and for five-year deposits, from 7.92 percent to 8.28 percent. The rate on the bank savings in renminbi by Overseas Chinese will also be raised.]
2. The interest rate on time bank deposits of enterprises and other undertakings will be raised. [The same XINHUA item also adds: The interest rate on time bank deposits of enterprises and other undertakings will be raised from 3.6 percent to 4.32 percent for one-year deposits, to 5.04 percent for two-year deposits, and 5.76 percent for three-year deposits.]
3. The interest rate on loans for working capital will be raised. While raising the interest rate on loans for working capital appropriately in order to maintain a rational difference between the two rates and enable enterprises to foster ideas about interest, circulation of funds, and investment and yield, thereby further improving management and operations and raising economic efficiency. The annual interest rate on loans for working capital will be raised from the present 7.2 percent to 7.92 percent. The interest rate on loans for a few commercial retail enterprises and state grain, cotton, and oil-bearing crops purchasing units, which play the role of storing commodities for society, will remain unchanged. The interest rate on loans for grass-roots supply and marketing cooperatives will temporarily remain unchanged this year and be readjusted as of 1 January 1986. The interest rate on loans for individual industrialists and businessmen will be raised from the present 8.64 percent to between 9.36 and 11.52 percent. Specialized banks may decide on the interest rate on loans for individuals in different trades within that range.

The bank's report also said that the interest rate on loans for capital construction will be raised. However, preferential rates will be enjoyed by energy development, transportation, and other key state construction projects. The report called for strengthening the management of preferential low interest loans. Current loans at low interest rates will be checked, and preferential treatment for those not qualified for loans owing to changed circumstances will be discontinued. From now on preferential rates for enterprises, aside from those entitled to financial discounts, must have prior approval of the People's Bank.

In order to apply interest rates as a lever in regulating the macro-economy flexibly, the State Council has authorized the People's Bank to make timely readjustments on interest rates at specialized banks, according to the needs of national economic development and the money supply situation. All specialized banks must implement the policy on unified interest rates and the standard for deciding on interest rates, and must not expand business by raising interest rates on bank deposits or lowering the interest rate on loans without authorization. The People's Bank will take economic or administrative means to intervene when violations occur.

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PRC NATIONAL AFFAIRS

OIL, GAS EXPLORATION OPENED TO FOREIGN FIRMS

HK010100 Beijing CHINA DAILY in English 31 Mar 85 p 1

[By staff reporter Xu Yuanchao]

[Text] In a bid to speed up exploitation of China's oil and gas reserves, foreign oil companies will be allowed to co-operate in exploration and development in nine provinces and one autonomous region, the Ministry of Petroleum Industry announced, yesterday.

A total of 1.83 million square kilometres, in Jiangsu, Anhui, Zhejiang, Jiangxi, Hunan, Fujian, Guangdong, Guizhou and Yunnan Provinces and Guangxi Zhuang Autonomous Region are open for co-operation with foreign oil companies, a senior official of the ministry told CHINA DAILY in an exclusive interview.

Although there are a few small oil and gas fields in these areas, exploration techniques in China are not sufficiently advanced to tap the immense potential of the vast areas which have yet to be exploited.

According to statistics from the ministry, there are 136 sedimentary basins, a total of 356,000 square kilometres in the newly opened areas. Seven of these cover more than 10,000 square kilometres each. These large sedimentary basins are in Jiangsu, Yunnan, Hunan, Anhui and Guangdong Provinces.

Since liberation, the official said, a great deal of exploratory drilling has been carried out, and 10 small oil and gas fields have been discovered in three basins which have potential for future exploitation in Jinagsu, Guangxi and Guangdong.

Teh official said there are nearly 600,000 square kilometres of marine facies deposits in the open areas. The Chinese have hit oil and gas of commercial value in Jiangsu and Guizhou Provinces but exploration of most layers has yet to begin.

The newly-opened areas are highly-developed in industry and agriculture and there is a great demand for oil and gas. The increase in energy resources which will result from the introduction of funds, technology and management expertise from abroad will spur further development in these areas.

The latest decision is one of the most important made by the State Council since China opened its continental shelf for offshore oil exploration with foreign oil companies a few years ago, the official said.

"China will adopt flexible policies in order to encourage foreign oil companies to join us in the exploration and development of inland oil and gas fields," the official said. Many foreign oil firms have shown their interest in joint exploration of oil resources in China. Some have sent delegations for discussions with the China National Oil Development Corporation (formerly the China National Oil and Gas Exploration and Development Corporation.) The corporation, under the direction of the Petroleum Industry, has been authorized by the State Council to conduct bilateral negotiations, to sign and to implement contracts.

State Council Approves Request

OW011141 Beijing XINHUA Domestic Service in Chinese 0918 GMT 1 Apr 85

[Text] Beijing, 1 Apr (XINHUA) -- The State Council recently approved and circulated a "Request Asking for Instruction on Cooperation With Foreign Countires for the Exploration of Onshore Petroleum Resources," which was submitted by the Ministry of Petroleum Industry, and called on the various localities and department to comply.

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The State Council circular points out that cooperation with foreign countries for the exploration of China's petroleum resources is of great importance. It must be under the state's centralized control and unified management. Cooperation with foreign countries for the exploration of onshore petroleum resources is limited to the 10 provinces (region) of Jiangsu, Zhejiang, Anhui, Fujian, Hunan, Jiangxi, Yunnan, Guizhou, Guangxi, and Guangdong, which have been approved by the central authorities and the State Council. The State Council has designated the Ministry of Petroleum Industry as the government agency in charge of cooperation with foreign countries for the exploration of onshore petroleum resources in China, while the China Petroleum Development Corporation will be responsible for managing affairs related to cooperation with foreign countries for the exploration of onshore petroleum resources in China. In promoting cooperation with foreign countries concerning onshore petroleum exploration, the Ministry of Petroleum Resources must bring into full play the initiative of the various localities and the geological departments, while the various localities and departments concerned must actively support this work.

The Ministry of Petroleum Industry's request for instructions proposes that a sedimentary basin producing petroleum and natural gas will be regarded as a whole unit for joint exploration which will not be restricted by provincial or regional boundaries; that branch agencies of the China Petroleum Development Corporation be set up to represent the corporation in dealing with foreign firms; that the China Petroleum Development Corporation and its branch agencies promptly supply market information concerning petroleum exploration and various kinds of services in areas where contracts have been signed for joint exploration; that this work be well coordinated to avoid hastiness so that the interests of the localities and the various departments are all well taken care of; and that the China Petroleum Development Corporation acknowledge all exploratory contacts in this regard with foreign countries made by the various localities prior to this request. From now on, all negotiations with foreign firms on joint petroleum exploration must be under the unified control of the China Petroleum Development Corporation, and related contracts must be signed. The signing of contracts for whole areas or tracts of land for joint exploration must be examined and verified by the Ministry of Petroleum Industry and be reported to the Ministry of Foreign Economic Relations and Trade for approval.

FUJIAN CALLS FOR STRENGTHENED FINANCIAL, TAX WORK

OW301824 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 29 Mar 85

[Text] According to a report by our correspondent (Wan Lichang), a meeting, which ended today, of directors of prefectural and city financial and tax bureaus in our province set forth the following tasks: At present, it is imperative to strengthen the supervision and control over financial work in our province in order to ensure the smooth progress of financial reform. Great efforts should be made to increase revenues and cut expenditures with a view to achieving a balance between the two.

As pointed out at the meeting, the financial and economic situation in our province is very good at present. Financial revenue for the first 2 months of this year was 22 percent higher than in the same period last year. On the other hand, there has been an excessive growth of expenditures, especially administrative expenses, and the money allotted for consumption funds is still increasing. The meeting urged all financial and tax departments in the province to deal with this problem seriously instead of taking it lightly.

To ensure the smooth progress of financial reform and to achieve a balance between revenues and expenditures this year, the meeting stressed that all financial and tax departments should enhance the concept of the national interests and of the importance of planning. They should also enhance their sense of discipline. They should take account of the overall interests and see that orders and prohibitions are strictly enforced. Meanwhile, it is imperative for financial and tax departments to strengthen supervision and control so as to bring into full play their functions and roles. As for those cases where taxes are reduced or exempted without proper authorization, an investigation should be conducted and corrective action taken. Inspection organs of financial departments at the provincial, prefectural, and city levels that have been abolished should be reestablished. In coordination with banks, auditing units, and the party's discipline inspection departments, serious efforts should be made to eliminate the cases of party and government offices doing business and running enterprises and to check such unhealthy practice as indiscriminate issuance of bonuses and subsidies, either in cash or in kind.

It was also emphasized at the meeting that further efforts must now be made to investigate and consolidate the financial affairs of various types of corporations that are not included in the budget of the financial departments at various levels. Their unpaid taxes and profits that should be and have not been turned over to the state, if there are any, must be paid or delivered to the state treasury after proper investigation is made.

The meeting called on tax departments at all levels to go all out to increase tax revenues and properly implement the tax policy. In no way should they do just what they think is right. In addition, when formulating the financial plan, each unit must adhere to the principle of acting according to its capability and keep its expenditures within the limit of its revenues. No unit is allowed to draw up a budget with expenditures greater than revenues.

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PRC REGIONAL AFFAIRS
EAST REGION

NANJING PLA COMMANDER AT MILITIA WORK MEETING

OW291030 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 28 Mar 85

[Text] A meeting sponsored by Nanjing Military Region to discuss reform of urban militia and specialized contingents ended in Wuxi on 28 March. It called for efforts to build the people's militia into a main force for invigorating the economy by directing urban militia work toward restructuring the urban economy. The meeting was addressed by Comrades Xiang Shouzhi, Zhang Ming, Tang Shudi, and Li Zhizhong.

The vigorous development of urban economic construction since the 3d Plenary Session of the 11th CPC Central Committee has provided a fairly good material foundation for building the people's militia in our urban centers. But, with the in-depth development of the current economic reform, a new situation and new problems have cropped up in militia building. To meet the needs of restructuring the urban economy and step up militia building, Nanjing Military Region and Jiangsu Provincial Military District have since last June conducted experiments in Wuxi in reforming urban militia work and specialized contingents and gained certain experience.

After summing up this experience, the meeting called for efforts to promote work in the following fields related to the people's militia in urban centers: 1) Reduce the number of militia members so as to lessen the burden of enterprises and give fuller play to the militia's role as a fresh force in urban economic construction. 2) Increase the proportion of specialized technical armymen by linking militia training to programs designed to improve production technology. This will help train workers into enterprise technical personnel and turn them into an urban reserve technical force who may be needed in time of war. 3) Restructure the grass-roots organizations for war preparedness in urban centers. 4) Launch militia activities aimed at invigorating the economy.

Present at the meeting were more than 140 persons, including leading comrades of Nanjing Military Region, the Jiangsu Provincial People's Government, and the Jiangsu Provincial Military District as well as comrades from the national people's defense committee, the national office in charge of communications in time of war, the PLA General Staff, the PLA General Political Department, the PLA General Logistics Department, organs of the Nanjing Military Region, and departments concerned in Jiangsu, Zhejiang, Anhui, and Shanghai.

JIANGSU TO MANUFACTURE FIAT LIGHT MOTOR VEHICLES

OW290945 Beijing XINHUA in English 0802 GMT 29 Mar 85

[Text] Nanjing, March 29 (XINHUA) -- Nanjing in Jiangsu Province will produce 100,000 Fiat light motor vehicles annually in the next five to six years under a contract signed here Wednesday. The deal was reached between the Nanjing Associated Automobile Manufacturing Corporation and the Fiat-Eveco Company investment is about one billion yuan (about 353 million U.S. dollars).

The Nanjing corporation will produce 29 varieties of one- to three-ton trucks, two-row-seat cars, coaches and box-type and cross-country vehicles with Fiat technology. Fiat will help build training and technical development centers in Nanjing, and install production lines and measuring and testing equipment. The Nanjing corporation will pay Fiat a proportion of profits. Nanjing now produces 25,000 light motor vehicles a year.

GUANGDONG LEADER ON THIS YEAR'S ECONOMIC REFORM

HK281257 Guangzhou GUANGZHOU RIBAO in Chinese 19 Mar 85 p 1

[Report: "Ye Xuanping Explains This Year's Reform of Guangzhou's Economic Structure"]

[Text] In his government work report at the third session of the eighth city People's Congress, Mayor Ye Xuanping stressed that it is imperative to earnestly do a good job in reforming the urban economic structure and to concentrate efforts on the central link of invigorating enterprises in order to make grassroots enterprises vigorous.

Ye Xuanping said that in carrying out the reform of the urban economic structure of Guangzhou, it is necessary to focus efforts on further streamlining administration and instituting decentralization in order to truly invigorate enterprises. All units, no matter whether they are units to be given greater power or not, must carry out instructions given at higher levels and delegate all management and operation powers concerning manpower, finance, materials, production, supply, marketing, and cooperation to enterprises. All bureaus, general companies, and companies must not retain any right which enterprises are entitled to so that enterprises can really become relatively independent economic entities. The various forms of the economic responsibility system instituted in enterprises should be perfected. The implementation of the system of factory managers assuming responsibilities should be accelerated and all factory managers should serve only within a certain term of office. Factory managers recruited by invitation or working on a contract basis should serve a term as stipulated in the contract. The democratic management system should be improved in order to ensure the status as masters of laborers in enterprises. Restrictions on management methods of small state-run enterprises should be lifted. These enterprises can retain their ownership by the state but can be run by collectives which deliver taxes to the state according to regulations and are held responsible for profits or losses. Some of these enterprises can be changed into enterprises owned by collectives. Some can even be leased to individuals and run by them.

Speaking about separating government from enterprise functions, Ye Xuanping stressed that in principle, governments at all levels will no longer directly administer enterprises. They will carry out necessary administration, inspection, guidance, and regulation through planning and through economic, administrative, and legal means. They should earnestly do a good job in planning, coordination, service, and supervision. At present, most of the general companies and companies under bureaus are companies of an administrative nature which mix government and enterprise functions. In practical work, they often unnecessarily interfere in the management and operation of enterprises and do not give due rights to enterprises. The existing companies should be reorganized according to specific conditions. Companies which have become economic entities and which are run effectively in the same way as an enterprise should be given support so that they can be consolidated and can develop. Companies which have exercised the powers of management and operation for enterprises under them should resolutely delegate such powers to enterprises. Some administrative-type companies which have relatively close intrinsic economic ties with enterprises under them may change into economic entities -- enterprise-type companies or operation-service type enterprises. Administrative-type companies which cannot be transformed or reorientated can either be reduced in size, merged with other companies, or abolished in an appropriate manner when conditions are ripe. Enterprises have the right to join a company or withdraw from the one to which it belongs. Enterprises can freely form associations within the same trade and joint associations among various trades can also be formed.

Ye Xuanping also spoke about several aspects of work which should be properly carried out in reforming Guangzhou's economic structure: Further reforming the circulation system and enlivening the market; reforming the foreign trade system; reforming the planning system; reforming the price system; reforming the labor-wage system; reforming the financial system; accelerating the reform of the scientific, technological, and educational system; and reforming the personnel system. It was also decided that a district and a county will be selected for experiments in comprehensive reforms. Departments concerned of the city will send out necessary people to assist the district and country to work out plans for carrying out experiments in reform and to organize the implementation of such plans.

GUANGDONG ISSUES CIRCULAR ON COMMODITY PRICES

HK291236 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Mar 85

[Text] On 21 March, the provincial government issued a circular, demanding that all places seriously implement the State Council circular on strengthening the control, supervision, and inspection of commodity prices. In the light of the situation of our province, it has formulated regulations, which include:

The measures for the important reform of prices and for the readjustment of important commodity prices must be carried out in accordance with the arrangements made by the State Council and the provincial government. No prefectures, departments, and industrial and commercial enterprises shall make a decision ultra vires nor do what they think is right. Regarding the prices of all means of production and means of subsistence and all noncommodity changes which have been fixed by the state, it is necessary to strictly adhere to the prices, including increased prices or the floating range, formulated by the state. No one shall change them on their own. No commodity under a plan shall be turned in any way into a commodity outside the plan in order to be sold at a high price. No department which is not in charge of commodity prices, has the power to formulate, examine, or approve the prices of commodities and charges which are controlled by the state. Any prices or charges which are formulated, examined, and approved without authority, are invalid. It is essential to investigate and severely deal with the actions of indiscriminately raising prices, of raising prices in a disguised way, and of indiscriminately collecting charges. Disciplinary action must be taken against those whose cases are serious. Those who violate the criminal law, must be punished in accordance with the law.

HENAN PLA CORRECTS UNHEALTHY TENDENCIES

OW302032 Beijing XINHUA Domestic Service in Chinese 0825 GMT 29 Mar 85

[By reporter Lu Keiliang]

[Text] Zhengzhou, 29 Mar (XINHUA) -- In carrying out party rectification, members of the Henan Provincial Military District CPC Committee take the initiative to observe the party's regulations and discipline and to protect the country's interests through strict enforcement of orders and prohibitions.

The Henan Provincial Military District CPC Committee and leading organs attach importance to strengthening party spirit and discipline in carrying out second-stage party rectification. They have studied the party's economic policies and the "Rules of Conduct for Inner-Party Political Life" in the light of reality; held special discussions on relevant topics to fully understand the damages of new unhealthy trends to the reform; summed up the experience and lessons; and published four prohibitions formulated by the party committee.

They are: the prohibition on taking advantage of one's position and power to illegally buy materials that are in short supply for enterprises run by one's own family, relatives, and friends; the prohibition on randomly giving away public funds and property under various names; the prohibition on squandering public funds in giving feasts and sending gifts; and the prohibition on using public office for personal gains under any excuse.

Members of the party committee curb new unhealthy tendencies by taking the lead to strictly observe party regulations and discipline. Commander Zhan Jingwu turned down his nephew's request to buy a car through his connection with departments concerned, because the request did not conform to government regulations. After studying the central authorities' relevant regulations, a leading comrade in the headquarters of the military district, who had previously permitted a reception office to use public funds to make suits for its staff, took the initiative to examine the matter and immediately notified the office to stop giving out the suits, which would be used for proper purposes.

Since January a number of local units have written or called the military district, asking to jointly establish various companies; but members of the military district party committee, in accordance with the stipulation that party and government organizations must not run business, refused all unlawful requests. They also declined some local units' offers to sell them industrial products at reduced price and state-controlled goods which are in short supply.

HUNAN SPECIALIZED HOUSEHOLDS HELP OTHERS GET RICH

HK280625 Changsha Hunan Provincial Service in Mandarin 1100 GMT 25 Mar 85

[Excerpt] Many specialized households in Mayang County have adopted the method of passing on experience, giving help, and setting an example to help poor households get rich. By early March, some 6,000 specialized households in the county had signed contracts with more than 10,000 poor households on becoming rich together.

In recent years, some specialized households and households doing specialized jobs in Mayang County have been among the first to become rich. Leaders of the county CPC Committee and government felt that these households were good examples for other peasants to follow in becoming rich through labor, and it was necessary to bring into play their leading and guiding role in rejuvenating the rural economy. At the beginning of this year, the county CPC Committee demanded that in the new year, every specialized household in the county should help one or two poor households to get rid of poverty and attain the target of annual per capital income exceeding 500 yuan. Many specialized households and households doing specialized jobs felt that the demand raised by the county CPC Committee was in line with their own wishes, so they called on poor households and signed contracts with them on becoming rich together.

HUNAN HOLDS SYMPOSIUM ON ECONOMIC DEVELOPMENT

HK270245 Changsha Hunan Provincial Service in Mandarin 0000 GMT 26 Mar 85

[Text] According to HUNAN RIBAO, in formulating strategies for economic development, it is necessary to treat the idea of making people rich as our guiding thinking and to exert great efforts to develop the commodity economy. This is a consensus view aired by some 230 specialists, scholars, and economic workers attending a symposium on rejuvenating Hunan's economy. At the symposium Yu Guangyuan, China's famous economist, (Lu Ping), deputy chief editor of SHIJIE JINGJI DAQIBAO, and some specialists and scholars in the province put forth valuable suggestions on the issue of making people rich. The symposium, which was held in Changsha from 17 to 23 March, received 151 treatises on various subjects.

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PRC REGIONAL AFFAIRS
NORTH REGION

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BEIJING OPENS WIDER TO FOREIGNERS 1 APR

OW280818 Beijing XINHUA in English 0644 GMT 28 Mar 85

[Text] Beijing, March 28 (XINHUA) -- Restrictions on foreigners visiting a number of outlying parts of Beijing Municipality are being lifted from Monday by the municipal government. The areas to be opened to foreigners include seven counties and districts: Daxing, Tongxian, Shunyi, Pinggu, Miyun, Fengtai and Yanshan. Also included are parts of another seven counties and districts: Fangshan, Yanqing, Changping, Huairou, Haidian, Shijingshan and Mentougou.

The municipal government has decided that foreigners may travel to and visit these places without first obtaining special travel permits.

Authorities are now considering opening the small remainder of restricted parts of Beijing to foreigners.

HEBEI GOVERNOR SPEAKS AT ECONOMIC WORK CONFERENCE

HK290210 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 23 Mar 85

[Text] The provincial economic work conference, which is being held by the provincial government, opened in Shijiazhuang yesterday. The main topics of the conference are to relay and implement that spirit of the national economic work conference so as to continue to grasp reform of the economic structure; to promote the strike-and-reflect experience [zhuangji fanshe shi] of Shijiazhuang City in carrying out overall reforms centered on invigorating enterprises; to study and formulate policies and measures for invigorating enterprises, large and medium state-run enterprises in particular; to further develop the productive forces so as to increase the province's output value and income; to create a new situation in raising economic efficiency; and to have our province rank in a leading position in the country in its work characterized by speeding up the three basic improvements.

The conference stressed that on the one hand it is necessary to adhere to the policy of carrying out reforms, opening up to the outside world, and enlivening the domestic economy; on the other it is also necessary to strengthen macromangement and to seriously curb new malpractices so as to ensure the smooth progress of reform of the economic structure.

Provincial Vice Governor Li Feng presided over the conference. Provincial Governor Zhang Shuguang delivered an important speech. Ye Liansong, standing committee member of the Provincial CPC Committee, delivered a speech entitled: Firmly grasp reform of the economic structure to invigorate large and medium-sized enterprises.

In his important speech delivered at the conference yesterday, Governor Zhang Shuguang laid stress on four problems:

1. Adhering to reforms to further invigorate large- and medium-sized enterprises is the central topic of the conference. The guidelines on work for 1985 formulated by the provincial government pointed out that it is necessary, centered on the strategic target of quadrupling the province's industrial and agricultural output value and reaching the comparatively well-off level in people's livelihood, to further emancipate our minds, to seek truth from facts, to open up to the outside world more boldly, to enliven the domestic economy more vigorously, to grasp the building of both spiritual and material civilizations, to carry out overall reforms, and to speed up economic development so as to have the province rank in a leading position in the country in various work. This is also the guiding thinking of the current conference.

Comrade Zhang Shuguang emphatically pointed out that in carrying out reforms, it is necessary to pay attention to the overall situation. On the one hand, we must further emancipate our minds, broaden our vision, boldly make explorations, and resolutely carry out reforms; on the other we must adhere to seeking truth from facts, proceed from reality, and properly carry out reforms in a scientific and practical way. Therefore, our economic, political and other work must be centered on reforms and accord with the unified arrangements of the central leadership. This is the overall situation.

2. We must seriously sum up our experiences over the past year and correctly distinguish between reforms and malpractices. The province started reform of the economic structure in 1984. Although the reform, which has been carried out in individual projects, was partial and explorative, it was a good beginning and has played an important and effective role in promoting various work.

The current malpractices represent new problems under the excellent situation of reform and in the process of advancement. The excellent situation is essential, while the malpractices are nonessentials. Some problems, such as the relatively extra bonuses issued by some enterprises due to low targets set by them in contracting for certain projects based on underestimating their potentialities, should not be regarded as malpractices because they result from lack of experience. The contract system, which has nothing to do with malpractices, should be carried out vigorously at all levels. As for acts of wantonly issuing money awards and material objects, giving inflated figures in reports, giving false information about business operations, speculating in state goods, harming the public interest for private gains, seeking private interests by taking advantage of one's power, driving up prices, and engaging in corruption and theft, some are malpractices while some are violations of law and discipline. They are absolutely different from reforms and must be halted resolutely. Some people involved should be punished. It is necessary to hit hard at some bad elements who have taken advantage of reform. Curbing malpractices and removing various obstacles is for the purpose of promoting the healthy development of the reform. We must further emancipate our minds, adhere to reforms, boldly make explorations, have the courage to practice, and gradually develop reform in depth.

3. It is necessary to promote in an all-round way the experience of Shijiazhuang City in carrying out reforms so as to make new breakthroughs in reform of the whole economic structure focusing on the urban economy throughout the province.

The strike-and-reflect experience of Shijiazhuang City in carrying out overall reforms centered on invigorating enterprises is an effective measure for further invigorating large and medium enterprises, and all cities must promote this experience in an all-round way.

4. We must properly conduct research and investigations and pay attention to studying new problems arising in reforms.

In his speech Comrade Ye Liansong first relayed the spirit of the national economic work conference. He then put forth several tasks which the province's industrial and communications departments should grasp this year:

1. It is necessary to adhere to reforms so as to invigorate large and medium enterprises.

The key to invigorating an enterprise lies in invigorating all internal parts within it, and all external factors are only supplementary conditions. We must grasp the implementation of a series of policies and measures promulgated by the State Council and the provincial government on reform, continue to streamline administration and institute decentralization of power, and create external conditions for invigorating enterprises.

2. It is necessary to promote technological advancement to stimulate industrial development.

Economic commissions, banks, finance departments, taxation departments, and goods supply departments at all levels must cooperate harmoniously, earnestly implement the relevant regulations formulated by the State Council and the provincial government on promoting the technological advancement of enterprises, and support enterprises in speeding up technological renovation.

3. We must make our efforts to achieve a continuous and steady growth in industrial production centered on raising economic efficiency.

4. We must vigorously develop town and township enterprises to stimulate rural and urban commodity production. We must treat the development of town and township enterprises as an important strategic point in the province's economic work and firmly grasp it. In the new year efforts should be made to bring about a new situation in the province's town and township enterprises in their total income, their economic results, and in the quality of their products.

5. We must fulfill the work of enterprise consolidation with the spirit of reform.

In accordance with the requirements set by the central leadership, all localities must reorganize leading bodies of those large and medium-sized enterprises where leading bodies have not yet been reorganized. Those enterprises which have met the prescribed requirements on enterprise consolidation must further consolidate their achievements, grasp internal reform within enterprises, and transform themselves into six-good enterprises.

PENG ZHEN, DENG YINGCHAO MEET LOCAL REPORTERS

On Hong Kong, NPC

HK300540 Hong Kong WEN WEI PO in Chinese 30 Mar 85 p 2

["Special dispatch": "'Full Text' of Peng Zhen's Remarks When Meeting Hong Kong and Macao Reporters"]

[Text] Beijing, 29 March -- Reporters: Elder Sister Deng and I are receiving you today. I suggest that we should ad-lib this meeting. You have come to Beijing in the past, but those visits were different from this one. In the past you were reporters under British rule. What about today? Although the Sino-British joint declaration has not yet been approved, you are at least not reporters completely under British rule. Seen from deep in your hearts, I think you are citizens of the PRC and are Chinese. Therefore, we are having a heart-to-heart talk. One of the questions we are talking about is the Constitution, because the basic law falls under the Constitution, and the other is the joint declaration. I would like to talk about the joint declaration first.

After the State Council put forward the Sino-British joint declaration on the question of Hong Kong, we discussed it at the NPC Standing Committee meeting and agreed to submit it to the current session for examination and approval. I think that the current session will approve it. After it has been approved, will there be any changes? No, not so much as one word. Not even a word will be changed in any resolution adopted by the NPC. This also includes the three annexes of the joint declaration. This is one of the tasks of the current NPC. Another thing is that the session will decide on the establishment of the committee for drafting the basic law of the Hong Kong Special Administrative Region. The current NPC is to do these two things. As to the namelist of the committee and what kind of people will be included, the NPC Standing Committee will take care of the job in the future. It will be a difficult question for the NPC plenary session. Who should be included, which people from all walks of life in Hong Kong in particular, and which from the mainland? How should this namelist be decided? Great prudence is needed. Otherwise, those who should be included may not be but those who perhaps should not be included may be. Therefore, we have tentatively planned to let the NPC Standing Committee make the decision. The NPC Standing Committee will deal with the namelist and details related to it. These are the two main things for the current session.

The establishment of the Hong Kong Special Administrative Region at the current session is an exercise of the rights of the Constitution. As we all know, Article 31 of the Constitution provides that the NPC is entitled to establish special administrative regions -- special administrative regions differ from special economic zones like Shenzhen -- and to determine their systems. How will their systems be determined? According to concrete situations. The functions and powers exercised by the NPC Standing Committee are also authorized by the Constitution and do not exceed the stipulated scope. Why is there such an article? In revising the Constitution, we took into account that neither Hong Kong nor Taiwan could adopt the same system as the mainland. Of course, it was necessary to proceed from reality, from the existing situation in Hong Kong. To adopt a system like the mainland's would not conform with the situation in Hong Kong. Besides, such a solution would not be one gained through peaceful talks. If you want to adopt a system in Hong Kong and Taiwan like the one on the mainland, the solution can not be achieved through peaceful talks. No matter how we view the situation, we cannot adopt the same system as in Beijing, Tianjin, or Shanghai. Nor can we adopt the same system as in Guangzhou. We can only adopt a system suited to Hong Kong. What will Hong Kong's system be? This is stated in the annexes of the joint declaration. Nothing will be changed in the economic system, the social system, or in regard to livelihood.

Who then will govern Hong Kong? There is a saying: "the people of Hong Kong governing Hong Kong." Therefore, it will be a special region which is different from any region on the mainland. It is special because it is governed by the people of Hong Kong and it is to enjoy the greatest decision-making power. The central authorities will handle defense and diplomatic affairs and you will handle your own affairs. Of course, a small number of troops will be garrisoned there, but they will be symbolic. If troops are not garrisoned and a solution is needed only after some problems occur, Hong Kong itself would find it difficult to handle the situation. It is better to have some troops. Of course, the number of the troops will be very small.

Are the basic law and the Constitution contradictory? In implementing the Constitution, which article of the PRC Constitution is applicable to Hong Kong? Article 31 is applicable. The functions and powers of the NPC in regard to establishing special administrative regions also stem from Article 31. Moreover, the entire Constitution is implemented on the mainland. What about you? Article 31. We are building socialism throughout the country. What about the Hong Kong Special Administrative Region? You will practice capitalism and maintain your capitalist system. Why is it so? Has our PRC somewhat departed from its principled stand? Have principles been ignored for the sake of solving the Hong Kong question? No. There is one article in the Constitution that relates to this. Through Article 31 we are acting in accordance with dialectic materialism and historical materialism. Our country does everything through seeking truth from facts. It has proceeded from Hong Kong's realities. Is there any other country in the world which can think of a better solution than the one we have, or a better way than the joint declaration? We can say that there is none. This is the best or at least a relatively better way. Our relations with Britain can be further developed on this basis and there is no need to resort to arms, as happened in Argentina. There is no need. Why shouldn't we negotiate so that both sides can be happy? Both the British House of Lords and House of Commons regard this as a good solution, and I also think that this is the case. The Hong Kong question is resolved and we have restored our sovereignty. What is wrong with that? I think probably this is the best solution. It is far better than going to war. This is viewed on the basis of international relations. I want to put aside diplomatic relations. How can Hong Kong, a free port, maintain its prosperity? If it is changed into a Shanghai or Tianjin, it will be difficult to maintain it as a free port. If it is changed into a Beijing, Shanghai, Tianjin, or Guangzhou, it will no longer be an international financial center. There are also many other problems. Therefore, what is best for Hong Kong? Of course, the present solution is best. This includes foreigners who are living in Hong Kong and running businesses there. Viewed from various angles, only this solution is considered relatively favorable. Why then will there be any change? Both the Communist Party and the NPC have to seek truth from facts. Only by seeking truth from facts can the Hong Kong question be properly solved.

What will be changed and what will not be changed? The social system will not change, the economic system will not change, and the ways of livelihood will not change. Many other things will not change either, but some of the laws in Hong Kong will be revised. The final decisions will no longer be made by Britain. The fundamental change is the change of returning to the motherland from the hands of Britain. In the past Hong Kong was under British rule, but now, it is for the PRC Government to exercise sovereignty. This is the fundamental change. However, in order to do so, it is imperative to give Hong Kong a high degree of decision-making power. Ways adopted for autonomous regions on the mainland cannot solve the problem. We will also pay attention to ruling by law. The joint declaration is a law. After it is approved, everybody will have to abide by it and it will have legality.

However, as far as Hong Kong's future administration is concerned, the joint declaration is not enough and the formulation of a basic law for the special administrative region is needed. Under this law there are also other laws. The future of Hong Kong will be dealt with this way. As to who should have the right to explain the basic law, the NPC Standing Committee has not yet discussed this question. But I think that probably the right to explain the basic law should belong to the NPC Standing Committee because it stems from the Constitution. After the NPC has decided to establish the Hong Kong Special Administrative Region, a committee for drafting the basic law will be set up under the NPC Standing Committee.

Who, then, will explain the law it has formulated? I deem it more proper for the NPC Standing Committee to explain it. Will provisions be changed at will? Will any provisions be changed beyond recognition? We want the law to be explicit but not too complicated. It has to be clear and simple and yet allow no distortions. This basic law must be written so that it will be very clear and does not allow any distortions. It would be unimaginable if the NPC Standing Committee of a dignified PRC with 1 billion people should play little tricks and resort to distortion to solve the Hong Kong question. I think that all of you present here can see, after listening to the State Council's three reports yesterday and the day before, that achievements have been treated as achievements while shortcomings and errors have been treated as shortcomings and errors. It is necessary to be honest even in routine work. How can a major issue like the basic law for the Hong Kong Special Administrative Region be distorted at will? It must not be distorted and I think it will not. Therefore, the basic law will be written out. At present, the committee for drafting the basic law has not been formed. I do not want to talk irresponsibly, but I think that the right to explain the law should belong to the NPC Standing Committee.

By two systems, we mean that Hong Kong can only adopt the capitalist system and cannot adopt the system of Beijing, Shanghai, Tianjin, or Guangzhou. This is determined by the practical situation and is certainly not something thought up based on subjective wishes. Our subjective wish is based on Hong Kong's practical conditions, including our specific relations with Britain. It is not the case that we want to do this in a subjective and arbitrary way. Even on the mainland, there is not one system everywhere. For example, there is the system of ownership by the whole people, there is collective ownership, and this is also individual ownership. It is essential to always act in light of local conditions, events, and people. We cannot treat all cases in the same way regardless of different circumstances. On the mainland too, the central authorities make a general decision which the localities carry out according to their actual conditions. Hong Kong is different. Since it is a special administrative region, it needs to be special. We pursue socialism here, and you pursue capitalism there. Which ideology you want to follow is a matter for the people of Hong Kong, China -- add the word China, not Britain. It is a matter for the people of Hong Kong, China.

Concerning the process of drawing up the basic law, the NPC has a legal work committee which drafts laws, and the drafting and revising of all laws is done by this organ. The NPC Standing Committee also has a Law Committee. Before being passed, all laws are examined and revised by this group. When drawing up the basic law, a committee for drafting the basic law of the Hong Kong Special Administrative Region will be specially set up. After the law is drafted, if various sectors have views to put forward, they will be raised before the NPC approves the law, and examined by the Law Committee. If people put forward a multitude of differing views, the Law Committee will decide which are acceptable, which are not, and which are partially acceptable. If the Law Committee wishes to put forward views on revising the basic law of the Hong Kong Special Administrative Region, it will of course hold consultations with the committee for drafting the basic law, to solve the problems together.

When the NPC formulates laws, not only does the Legal Work Committee participate, but the responsible departments concerned of the State Council also take part. They cannot just draw up laws themselves without going through the Legal Work Committee. We are already accustomed to this work method.

The party style and the social mood were ruined through the "Great Cultural Revolution," and there have also been conspicuous expressions recently of unhealthy trends in economic work. Is this problem caused by the fact that our laws are not complete? It is very difficult to say that. The main reason is that recently a number of mistakes have occurred in our work, causing a number of problems in reforms of the economic structure. Unless we get a firm grasp of solving certain problems with a relatively great bearing on our reforms and on people's daily lives, chaos might ensue. Of course, these problems can be solved as long as the effort is made.

Carelessness in work and mistakes caused by unexpected happenings should not be called unhealthy trends. Socialist construction is continually developing and it is extremely difficult to be ready for every eventuality. There is a problem of experience here, and also a problem of work ability and standards. At the NPC panel discussions some people said that bureaucratism also causes mistakes. Carelessness could be reduced a little if there is no bureaucratism.

There is also another unhealthy trend. Some people seize chances to pursue the interests of individuals and small cliques, damage the interests of the majority for the interests of the minority, enrich themselves at public expense, dine lavishly, occupy excessive housing space, and so on. There is also bribery and corruption. However, it is not easy to draw a legal demarcation line regarding these problems. At the same time, I do not think that the law should be too loaded down with trivial details. If you want to use the law to do away with all bad deeds, then the law will become excessively loaded down with trivial details. Not only the ordinary people, but even certain legal experts will be unable to remember it all. In Chinese history, when the law in a dynasty became heavily loaded down with trivial details, then that dynasty was probably on its last legs. Looking at the world, certain countries in Europe and the Americas are simply swamped with laws. A Japanese friend told me that they now have "legal gangsters" there, who use the law to do bad things. Therefore, the law cannot be made too detailed. If it is, then it becomes irksome and people are "blamed whatever they do" at every move they make, that is not good.

If it impossible to correct unhealthy trends without having laws that are loaded with trivial details? Yes, they can be correct. The Communist Party is the leading party in our country and it must strictly adhere to party discipline. Unhealthy trends among party members can be dealt with by the party. People can be warned, given severe warnings, retained in the party to observe their behavior, expelled from the party, or dismissed from all their posts inside and outside the party. In this way, after the party is rectified, unhealthy trends can be reduced to a very great extent. Of course, some people holding non-party posts are recommended and selected by the masses, and some are appointed by the government, but a party member engaged in work always does so because he holds party membership. If he is dismissed from his posts inside the party, the suggestion can be made to the departments concerned that he be dismissed from his non-party posts as well.

Both the party and the government can correct unhealthy trends. There are very many administrative personnel, including those in enterprises, units, and undertakings. Problems concerning these people are solved and dealt with by the government. As for whether there are sufficient supervisory organs in our state and whether they are strong enough, that is another question and consideration.

Third is illegal behavior. Whether it is the CPC, the democratic parties, or non-party figures, and whether it is leading cadres or ordinary citizens, the judicial organs handle all cases of illegal behavior. Everyone is equal before the law. This was written into the 1954 Constitution. Unfortunately, it was not implemented very well, and later the idea of acting in an absolutely lawless way was advocated for a time.

The socialist Constitution means that the activity of the state organs, the Armed Forces, enterprises, units, undertakings, mass organizations, and everyone should be regulated within its scope, and no organization or individual has any special rights that are above the law. This is one of the things summed up from the painful experiences and lessons of the "Great Cultural Revolution." But for the "Great Cultural Revolution," it is very likely that this point would still not be written into the Constitution. The CPC Constitution stipulates: "The party must carry out its activities within the scope regulated by the law."

There is also the NPC, which supervises the implementation of the Constitution. If in the future something in Hong Kong is incompatible with the basic law, then the NPC will exercise supervision. Apart from that, the NPC's most basic task is to examine the work reports of the different departments. In the past 2 days, we have heard three State Council reports. These things include summing up and reviewing work in the past. We have to see what things have been done right and what wrong, and also what should be done in the future. Examining these work reports is our regular and most basic task. This work is usually undertaken by the NPC Standing Committee, but this committee must also be supervised by the NPC. The committee is produced by the NPC and has to be responsible to it. The NPC panel discussions are relatively detailed. Each sentence and point is discussed. Unlike foreign parliaments, we do not just depend on speech making in full assembly, but instead issue documents and hold panel discussions. Previously, the drafts of the speeches were not distributed, but if reporters had some points to make, how could they hear everything in detail just by listening to the speeches? This time, therefore, we are distributing drafts of the speeches. Gentlemen make mistakes, and the sun and moon suffer eclipses. When mistakes are made, that is that. We proceed to correct them, and that is that. Therefore, when our session expresses its final resolutions, there will likely be some revisions, based on the discussions of the past few days. It is the revised versions that are adopted. When the Constitution was put forward at the second session, the discussions on it lasted 9 days. It was discussed 9 days at the third session. It was discussed about 5 days at the fourth session. Eventually the congress made several score amendments. Even with all this, some deputies still held that they agreed with the Constitution as a whole but not with a certain article on which their views had not been accepted. Thus, 3 deputies abstained from voting when the vote was taken by the 3,040 deputies. Hence, since the government work report is responsible to the NPC, the NPC can amend it. The method used in bourgeois countries is either to veto or approve something. Our method is different. We uphold the truth and correct mistakes at any time, including during the session. Some people say that it is not dignified for the government work report to be amended in this way. Actually, it is very dignified, because this is being responsible to the 1 billion people, and what kind of democracy is it if things are decided in a rough and ready way and left unchanged?

Let us go back to the question of law. We have already drafted a number of laws, which some people in Hong Kong have discussed and taken an affirmative attitude on. Actually, we already have the main laws, but we need to compile a statute book. This is not yet ready and the problems have not yet been clarified. The people are probing these things and making summations. The civil law has already been written in general, but it has not yet been taken out for discussion. There are also some laws regarding external dealings and opening up, but they are not yet complete.

However, there will still be unhealthy trends no matter how complete the laws. Such things will require supervision by all of us, the 1 billion people, the NPC, the party, the democratic parties, and everyone. In this way it will not be easy to indulge in unhealthy trends and do bad things. Our basis is to rely on the people. Things can always be accomplished with the 1 billion people bearing their responsibility. Our country relies on the majority. Everyone exercises and accepts supervision.

Let us leave it at that. I am not regarding you as reporters today, I am just having a chat with you as I would at home.

Deng on Taiwan

HK300708 Hong Kong WEN WEI PO in Chinese 30 Mar 85 p 2

["Special dispatch": "'Full Text' of Deng Yingchao's Remarks When Meeting Hong Kong and Macao Reporters"]

[Text] Beijing, 29 Mar -- I heard some of you here mention the Taiwan question. I would like to say a few words about this. First of all, we should differentiate between the nature of the Hong Kong question and that of the Taiwan question. The Taiwan question is an internal question, a question in our family, and a question among compatriots. It does not involve territorial sovereignty. As far as the Hong Kong question is concerned, it is an question between China and Britain left over from history concerning the return of territorial sovereignty to China. Therefore, on the one hand we think that the method of establishing a special region is applicable to Taiwan. This is because the internal situation in Taiwan is similar to that in Hong Kong in some respects. On the other hand, we should not lump these two questions together. For example, we will recover territorial sovereignty over Hong Kong. Of course, we should safeguard it. We should station troops. Britain should withdraw its troops. Why should we station troops in the territory? It is for the stability of our Hong Kong compatriots and society. Our troops will deal with some people from the illegal societies, some bad elements, and some who undermine the prosperity and social order of Hong Kong. We should station troops in Hong Kong.

With regard to the question of the KMT, our state councillor, Ji Pengfei, said long ago: Recovering Hong Kong and the question of the KMT are two entirely different things. The organs set up by the KMT in Hong Kong may continue to function.

This is where the difference between the Taiwan question and the Hong Kong question lies. Some people ask: Why will you allow Taiwan to retain its Army? Why will you allow the Army to oppress our Taiwan compatriots? This is not what we mean. Taiwan belongs to China. After the reunification, her Army must be unified with the Chinese Army, although a special administrative region will be established. Taiwan is different from Hong Kong. In Taiwan, some people might interfere or carry out sabotage. But this is different from the sabotage in Hong Kong. This is because the Taiwan question is, after all, a question among compatriots. It is not always necessary to send troops to deal with a question among compatriots. However, troops can protect the peaceful life of the people, their enterprises, and their undertakings. This will be beneficial to all concerned. This is our idea on this issue.

Taiwan and Hong Kong are similar in some aspects, the above three things in particular. The difference is that we will give due consideration to Taiwan. Apart from proposing direct talks with the KMT, we will give due consideration to the interest of the people and compatriots in various quarters as shown in the nine-point proposal, including their involvement with foreign capital and the interests of foreign investors from the United States, Japan, and other countries. The protection of their interests will be guaranteed.

We reiterate that the Taiwan question will be more magnanimously dealt with than Hong Kong. To what extent will the magnanimity be shown? This can be discussed. We have shown forbearance toward Taiwan. We proceed entirely from the interests of the people, nation, and country. Therefore, we believe that the Taiwan question can be solved through peaceful talks. Since Chairman Ye issued the nine-point proposal, we have continued to announce various policies toward the settlement of the Taiwan question.

Where do the crux and difficulties lie? As far as our side is concerned, we sincerely hope that the Taiwan authorities will hold talks with us. The Taiwan compatriots hope so, too. However, the Taiwan authorities have always rejected our offer. Some Taiwan compatriots also say that we have not given them sufficient consideration. Actually, all this has been clearly mentioned in the nine-point proposal. As long as the Taiwan authorities agree, we will do everything according to the nine-point proposal. Taiwan people will thus benefit from the proposal. Some people in Taiwan might continue to ask: Do the talks between your two parties guarantee the interests of the Taiwan people? First of all, our nine-point proposal clearly explains everything. Some Taiwan people might say: We want to see what you will do for the Taiwan people. Will you let Taiwan people take part in the further talks? All these questions can be raised by both sides at the talks. In the meantime, we hope that some representative figures in Taiwan will come to Beijing or other places to raise their opinions. We are now soliciting opinions from those who come from the United States, Japan, and some other countries. Some of them have become foreign nationals.

You are all reporters. Of course, you are concerned about and sensitive to this question. First of all, I should express my gratitude for your numerous reports in the past. Under the rule of the KMT and the influence of its propaganda, the broad masses of people in Taiwan have feelings of estrangement and do not understand the mainland very well. When some of them return to the mainland, they say that what they have seen is different from what the Taiwan propaganda machine has said. They also say: As long as your living standard is the same as in Taiwan, reunification can naturally be achieved. Therefore, we earnestly hope that Hong Kong and Macao compatriots, reporters in particular, will become propaganda workers serving as a bridge between the two sides, between the island and the mainland. We hope you will do more propaganda work. We also hope that you will carry the voices of Taiwan compatriots.

Briefly, as we have often stressed, it is better to solve the question sooner than later. I think that the Taiwan authorities misunderstand our intentions in this respect. They think that we are very anxious to solve the question. Therefore, they become tense. Actually, this is not so. Why do we say that it is better to solve the question sooner than later? It is because earlier settlement will be beneficial to Taiwan itself. We do not think that the present situation in Taiwan is good enough. However, the Taiwan authorities have always thought that they could still "get by" and "drag on." Even if they can "get by" and "drag on," their prospects are dim. What will they face in the end? I hope that Taiwan friends and Taiwan authorities will consider this issue further. The settlement of this question will benefit the Taiwan people, Taiwan authorities, and our motherland. At the present CPPCC and NPC sessions, we will not mention the Taiwan question. At the second congress of the Federation of Taiwan Compatriots held recently, I said: We may adopt a broader policy toward Taiwan. The policy can be different from that of Hong Kong. This is what Chairman Deng Xiaoping has said. Another more important point which I would like to mention is that Taiwan authorities should contact us. We cannot succeed by depending on wishful thinking. What will we do in the future? This depends on the attitudes adopted by both sides. We have defined our policy and guiding principle. They will not be changed. Some people fear we will change our policy. This is a misunderstanding.

They may just pay attention to the example of Hong Kong, and we would like to discuss this with them. Comrade Peng Zhen has stressed: Many decisions on Hong Kong will not be changed. If the Taiwan authorities have contacted us and talked with us on the Taiwan question, due consideration will be given to the interests of both sides, including the interests of Taiwan compatriots from various quarters in terms of policy, guiding principles, and line. In this respect, it is the same as the Sino-British talks. When we meet, we can consult with each other. Therefore, the most important thing is that we earnestly hope that the KMT will send people to contact and talk with us. Now, we say something in the press and they answer us in the press. Problems cannot be solved this way. Therefore, I hope you will help us convey our message to Taiwan compatriots. At present we do not intend, and it is also impossible, to invite Taiwan compatriots to talk with us in an organized way. I want you to convey this message to Taiwan compatriots. As far as we are concerned, we are ready to exert joint efforts. We believe that Taiwan compatriots can promote the settlement of the Taiwan question.

(Note: The above remarks by Peng Zhen and Deng Yingchao have been compiled by our correspondent from a tape recording, without being checked by a second person. We take responsibility for any errors.)

CHEN MUHUA TALKS TO HONG KONG, MACAO REPORTERS

HK310834 Hong Kong HSIN WAN PAO in Chinese 31 Mar 85 p 1

["Special dispatch" from correspondent Yeh Chi-jung: "Chen Muhua Received Hong Kong and Macao Reporters This Morning"]

[Text] Beijing, 31 Mar -- Chen Muhua, state councillor and newly appointed director of the People's Bank of China, said this morning that China has been studying for some time the question of special zone currency. At present, on the one hand, the studies are continuing, and on the other, preparations are being made. What happens next depends on the circumstances. When and how currency will be issued depends on the results of the study.

Liu Hongru, deputy director of the People's Bank of China, elaborated on this, saying: In studying the special zone currency question, we have never considered replacing the Hong Kong dollar with such currency after 1997. We have only considered the developmental requirements of the special zones. It has not yet been decided when to issue the special zone currency. The timing and methods are both under constant study.

Chen Muhua, who only reported to the People's Bank of China 6 days ago, met Hong Kong and Macao reporters in the Xinjiang Room of the Great Hall of the People this morning. During the meeting she spoke on the reason for issuing "substitute certificates" in China. She said that China advocates using one currency for the whole country. As originally devised, substitute certificates are not currency. However, new circumstances have emerged due to their actual use, and the departments concerned are now studying ways of dealing with this. The question of whether to abolish such certificates is also under study. She believes a suitable way will certainly be found.

Chen Muhua also revealed that China's foreign exchange reserve situation is excellent. Total reserves at the end of 1984 stood at 14.42 billion yuan, a reduction of over 2 billion yuan from the figure of \$16.674 billion announced in September [currency denominations as published]. The main reason for the drop was that imports increased, and it was a normal reaction to external economic developments.

Chen Muhua and Liu Hongru answered many questions from the reporters. Speaking on China's policy toward foreign banks, they said that China allows foreign banks to open branches in the special zones or to run banks as joint ventures with China for handling a certain amount of banking, but the establishment of such operations elsewhere has not yet been considered.

Liu Hongru revealed that the State Council has already formulated a set of control measures regarding foreign banks. These will be published very soon.

Chen Muhua took exception to guesswork abroad regarding her new appointment. She said that this was a normal personnel transfer. The People's Bank of China is a department of the State Council. In the past she has concurrently served as minister of foreign economic relations and trade, and the new post is equally important. There is no question of promotion or demotion.

She also said that to play a role in the reform of the entire economic structure, the People's Bank of China must certainly undergo reform itself. Its methods of managing credit capital must also be reformed. She is currently conducting investigations and studies to learn about the situation, and afterwards she and her colleagues will study reform schemes.

Chen Muhua said that from 1953 to 1978, deposits in the People's Bank of China rose at an average annual rate of 4 billion yuan renminbi (the following figures are all in renminbi), while loans rose by over 6 billion yuan each year. From 1979 to 1984, deposits rose by 38 billion yuan and loans by over 42 billion yuan each year. In 1984 alone, deposits rose by 64 billion yuan and loans by 99 billion yuan. This was the biggest increase in deposits and loans since the founding of the state.

Explaining the big increase in loans last year, Liu Hongru stated that this was mainly the consequence of economic development. Although there were also problems in the reforms that had not been taken proper account of, these were certainly not the main factor, and the amounts involved were not great. For instance, the total amount of loans used in capital construction only increased by some 2 billion yuan, while loans for helping enterprises carry out technological transformation only amounted to about 6 billion yuan.

Liu Hongru continued by saying that this year it is necessary to control the amount of credit and the amount of cash in circulation. Areas where money is required will be dealt with in a discriminating way. Priority support will be provided for commodities that are really needed in the markets. Apart from this, it is also necessary to raise capital in a variety of ways.

Liu Hongru also said: "At present, China permits some areas and units to raise capital through issuing shares and bonds, but has not yet formed a market for such business. The work of issuing shares and bonds by these areas and units may not yet be perfect, and control methods are now being studied and will be explored, so as to gain experience in the course of reform."

In conclusion, replying to a question on whether there is inflation in China, Liu Hongru said: "According to the Western way of looking at it, a rise in the consumption price index is inflation. If that is the way it is put, then we have a little. However, in our view, price increases are of the nature of structural readjustment, and certainly cannot be called inflation."

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